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February 10, 2006

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

**RE: Joint Filing of the Small Generator Interconnection Agreement of the California Independent System Operator Corporation, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company
Docket Nos. RM02-12-000 and ER06-____-000**

Dear Secretary Salas:

Pursuant to with the Federal Energy Regulatory Commission's ("Commission" or "FERC") Order No. 2006,¹ Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d (2003), Section 35.13 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 35.13 (2005), and the Commission's November 4, 2005 Notice of Extension of Time, the California Independent System Operator Corporation ("CAISO"), Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company ("SCE") (collectively the "Filing Parties")² hereby submit six copies of a Small Generator Interconnection Agreement ("SGIA") for Commission approval as a *pro forma* agreement.³ Concurrently with this filing,

¹ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 70 FR 34100 (Jun. 13, 2005), FERC Stats. & Regs., Regulations Preambles, Vol. III, ¶ 31,180, at 31,406-31,551 (2005); *order on reh'g*, Order No. 2006-A, 70 FR 71760 (Nov. 30, 2005), FERC Stats. & Regs., ¶ 31,196.

² Collectively, PG&E, SDG&E, and SCE are referred to herein as the "PTOs." The PTOs are joining in all but one component of this SGIA compliance filing. The PTOs do not join in the portion of the compliance filing relating to the continued exemption of wind generation from the power factor requirements found in Article 1.8.1 of the SGIA.

³ Capitalized terms that are not otherwise defined herein are defined in the SGIA.

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the CAISO is filing with the Commission its Small Generator Interconnection Procedures ("SGIP").⁴ The Filing Parties are tendering two copies of the instant filing to be time and date-stamped and returned to our courier.

I. BACKGROUND

Continuing the process begun in Order No. 2003⁵ with regard to large generator interconnection, the Commission issued a Notice of Proposed Rulemaking ("NOPR") regarding Standardization of Small Generator Interconnection Agreements and Procedures in the instant docket on July 24, 2003. Comments were submitted to the Commission in response to the NOPR from a wide range of generation and transmission companies, including PG&E, SCE, and the CAISO. The Commission responded to the comments received and set out *pro forma* documents for small generator interconnection in its Final Rule, Order No. 2006, issued on May 12, 2005.

Order No. 2006 requires all public utilities to adopt standard rules for interconnecting new sources of electricity no larger than 20 megawatts ("MW"). Order No. 2006 both addresses comments received on the NOPR and sets out a *pro forma* SGIA and SGIP, requiring all public utilities subject to it to modify their open access transmission tariffs ("OATTs") to include the SGIP and the SGIA. Order No. 2006 directed non-independent providers of transmission service to make a compliance filing of an SGIA and SGIP within 60 days of the date of publication of Order No. 2006 in the Federal Register, and directed regional transmission organizations ("RTOs") and independent system operators ("ISOs") to make their respective compliance filings within 150 days from such publication.⁶ In addressing the issue of variations from the standardized *pro forma* interconnection procedures and agreement set forth in Order No. 2006, the Commission indicated that "non-independent Transmission Providers" would be permitted to propose deviations from the FERC *pro forma* SGIP and SGIA only if the deviations were in response to established regional reliability standards or were "consistent with or superior to" the *pro forma* provisions.⁷ In contrast, the Commission stated that it would allow RTOs and ISOs to submit SGIP and SGIA

⁴ PG&E's support of the centralized study function both here and in the CAISO's November 1, 2005 Large Generator Interconnection Agreement ("LGIA")/Large Generator Interconnection Procedures ("LGIP") compliance filing is contingent upon FERC's approval of PG&E's November 1, 2005 Offer of Settlement filed in Docket No. ER04-445.

⁵ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, Stats. & Regs. ¶ 31,146, 68, Fed. Reg. 49,846 (August 19, 2003) (2003) ("Order No. 2003").

⁶ Order No. 2006 at P 548.

⁷ Order No. 2006 at P 546.

terms and conditions that meet an "independent entity variation" standard that is more flexible than the "consistent with or superior to" and regional difference standards.⁸ The Commission further directed the RTO or ISO to explain the basis for each variation from the *pro formas*.⁹

Several entities filed requests for rehearing or clarification of Order No. 2006, resulting in the issuance of Order No. 2006-A on November 22, 2005.

Several entities also filed for extensions of the Commission's original timeframe for compliance filings of the SGIA and SGIP, including the CAISO. The CAISO submitted its request for an extension on October 5, 2005. The request was granted by the Commission in a Notice of Extension of Time issued on November 4, 2005, which established February 10, 2006 as the revised compliance date.

Stakeholder Process

The proposed independent entity variations in the SGIA being filed today are the result of a stakeholder process undertaken in this matter by the CAISO in response to FERC Order Nos. 2006 and 2006-A.¹⁰ As a first step, the CAISO consulted with the California Public Utilities Commission, the California Energy Commission, and PTOs in August 2005, and then worked with the PTOs in November and December of 2005 to develop an initial proposal. This initial proposal was posted on the CAISO website for stakeholder review on December 23, 2005. The CAISO issued a market notice informing stakeholders of the availability of the draft SGIA, SGIP, and associated tariff language and the schedule of stakeholder meetings on December 21, 2005. The first stakeholder meeting was held on January 4, 2006. At that meeting, the CAISO briefed stakeholders on the proposed draft SGIA, SGIP, and associated tariff language, answered questions, took oral comments from stakeholders, and indicated that written stakeholder comments regarding the proposal would be due on January 10, 2006. No such written comments were received.

On January 17, 2006, the CAISO posted revised drafts of the SGIA, SGIP, and associated tariff language that incorporated further refinements to the proposed SGIA, SGIP, and associated tariff language and oral stakeholder comments. A second stakeholder meeting was held on January 23, 2006 and a second opportunity for stakeholders to provide written comments was provided,

⁸ Order No. 2006 at P 549; c.f. Order No. 2003 at P 827.

⁹ Order No. 2006 at P 549.

¹⁰ Indeed, the CAISO requested an extension of time to make these filings in order that a sufficient stakeholder process could take place. See October 5, 2005 Request for Extension of Time of the California Independent System Operator in Docket No. RM02-12.

with a due date of a January 27, 2006. Written stakeholder comments were received from PG&E, and CAISO staff suggested additional revisions, as well.

On January 25 and February 6 and 8, 2006, conference calls among the CAISO and PTOs were held to finalize the proposed SGIA, SGIP, and associated tariff language. It is the SGIA thus finalized which comprises today's SGIA filing.

II. CONTENTS OF FILING

This filing comprises:

This Transmittal Letter, which includes justifications for changes

Attachment A SGIA Tariff Sheets Blacklined Against the FERC *Pro Forma* SGIA

Attachment B SGIA Tariff Sheets Blacklined Against the ISO Tariff

Attachment C SGIA Tariff Sheets (Clean)

III. COMMUNICATIONS

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IV. DESCRIPTION OF THE FILING

A. Structure of the Filing

As described above, the instant filing is submitted jointly by the CAISO, PG&E, SDG&E, and SCE in compliance with Order Nos. 2006 and 2006-A. Included with the instant filing is the *pro forma* SGIA.

B. Modifications to the FERC *Pro Forma* SGIA

1. Standard for Evaluation

While the revised SGIA is a *pro forma* document, the Commission, in Order Nos. 2006 and 2006-A provided that independent entities could propose modifications from the FERC *pro forma* SGIA under three possible standards: (1) a "regional differences" standard, under which non-independent entities could propose modifications in response to "established regional reliability requirements"; (2) the "consistent with or superior to" standard, which permitted entities to propose changes that are consistent with or superior to the terms of the FERC *pro forma* SGIA; and (3) the "independent entity variations" standard, which permitted ISOs and RTOs greater flexibility in tailoring the SGIA to meet regional needs.

The Filing Parties have endeavored to retain the language of the FERC *pro forma* SGIA adopted in Order Nos. 2006 and 2006-A to the extent possible. Certain modifications, however, were necessary to incorporate appropriate and justifiable independent entity variations, as permitted under Order No. 2006.¹¹ As

¹¹ Order No. 2006 at P 549.

the Commission has previously found that the CAISO is an independent entity,¹² this filing should be evaluated under the independent entity standard. Specific key changes from the FERC *pro forma* SGIA language, and the justification for such variations, are described below.

2. Changes to FERC *Pro Forma* Language and Justifications

The changes made to the FERC *pro forma* SGIA language are of three general types: 1) changes made to conform particular provisions of the SGIA more closely to the provisions of the *pro forma* Large Generator Interconnection Agreement (“LGIA”) that has already been filed with and accepted by the Commission, 2) categorical changes that apply throughout the SGIA, and 3) other changes that apply only to certain provisions of the SGIA.

- **Changes made to conform the SGIA to the LGIA**

The Filing Parties’ *pro forma* LGIA has already been filed with the Commission, and the vast majority of its provisions have already been accepted by the Commission and are being implemented by the CAISO and the PTOs. The sole exception is the November 1, 2005 filing of minor revisions to the LGIA to implement the Commission-ordered centralized interconnection study process, on which Commission has not yet issued its order..

This SGIA filing contains numerous changes that were made to the FERC *pro forma* SGIA language to conform particular provisions of this SGIA to similar provisions of the currently-effective LGIA – particularly where revisions proposed by the Filing Parties to the FERC *pro forma* LGIA were accepted by the Commission. The Filing Parties believe that it is important for the SGIA and LGIA to be as consistent as possible with one another where they address similar subjects; therefore, the Filing Parties request that the Commission approve these changes. In the paragraphs below we identify FERC *pro forma* SGIA provisions that have been changed to make them more consistent and/or compatible with currently effective LGIA provisions.

¹² *California Independent System Operator Corporation*, 112 FERC ¶ 61,010 (2005) at P 36 (“For the above reasons, we find that the current Board is able to administer CAISO’s transmission facilities in an impartial, non-parochial, and non-discriminatory manner. Thus, we conclude that the current Board is independent, consistent with Order No. 888”).

- **Categorical Changes that Apply throughout the SGIA**

A primary category of general changes that need to be made to the FERC *pro forma* SGIA in order to account for the CAISO's operations as an ISO and "independent entity" is a set of modifications throughout the SGIA to reflect that the SGIA is a three-party agreement among the Interconnection Customer, the PTO and the CAISO. In the CAISO model, the CAISO operates the transmission system that the PTOs turned over to the CAISO. The PTOs still own the transmission facilities and perform the physical maintenance and switching necessary on the transmission system. Each entity fulfills a specific role within this model, and therefore both need to be Parties to the SGIA. Language has been modified throughout the SGIA to recognize the three-party nature of the agreement, including the addition of another signatory and additional contact information where necessary and the listing of either or both of the CAISO and/or PTO where the provisions are applicable to either or both Parties. These changes have been incorporated into the following provisions of the SGIA, among others: preamble, Articles 1.4, 1.5.6, 2.1.1, 2.1.2, 2.2.1, 2.3.1, 2.3.2, 3.1, 3.3.1, 3.3.2, 3.3.4, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5, 4.1.1, 6.2, 7.1, 7.1.1, 7.1.2, 7.2, 7.3.2, 7.4, 7.5.2, 7.6.1, 7.6.2, 8.1, 8.2 and 8.3, 9.1, 9.2, 9.2.1, 9.3, 11.2, 12.2, 12.4.2, 12.5, 12.7, 12.10, 12.11, 12.11.1, 12.12, all of 13 and 14, and Attachments 1 and 5.

The second, and closely related, category of general changes is the substitution of CAISO ("ISO") or PTO ("Participating TO") for references to the "Transmission Provider" throughout the SGIA as needed where the particular provisions of the SGIA are applicable to only one of the Parties. The term "Transmission Provider" is too generic for the CAISO model and thus the change of names is used to differentiate the specific Party that will be responsible for the various activities or areas covered by the SGIA and that will be notified accordingly. These changes have been incorporated into the following provisions of the SGIA, among others: preamble, Articles 1.2, 1.5.3, 1.5.4, 1.5.5, 1.8.1, 1.8.2, 2.2.2, 3.4.1, 4.1.1, 4.1.2, 4.2, 5.2, 6.1.1, 6.1.2, 6.3, 6.3.1, 6.3.2, 11.2, 12.4.2, and 12.12, and Attachments 1, 2, 4, and 6.

The third categorical set of general changes is the substitution of "ISO Controlled Grid" for "Transmission Provider's Transmission System" or just "system" as appropriate. The transmission facilities that have been turned over by the PTOs to the operational control of the CAISO are defined in the ISO Tariff as the ISO Controlled Grid. In addition, consistent with the roles and responsibilities contemplated in this three-party SGIA, a PTO's electric system is occasionally referenced in addition to the ISO Controlled Grid or simply substituted for references to the "Transmission Provider's Transmission System" for the purpose of identifying whose facilities are being referenced. These changes are meant to clarify that the SGIA is applicable only to the connection of Small Generating Facilities directly to the ISO Controlled Grid and to distinguish

the provisions applicable only to the transmission systems or electric systems of the PTOs or the transmission systems of others, such as Affected Systems. These changes have been incorporated into the following provisions of the SGIA, among others: Articles 1.5.5, 1.6, 2.2.2, 3.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5, 3.4.6, 4.1.2, and 12.9 and Attachments 1 and 5.

The fourth category of changes is modifications to recognize that obligations of the Interconnection Customer regarding scheduling, bidding, metering or other related activities are to be performed in accordance with the ISO Tariff. This was done because the SGIA is applicable only to Small Generating Facilities directly connected to the ISO Controlled Grid, and these facilities need to meet the requirements of the ISO Tariff applicable to all Generating Units with regard to these matters. Most of these changes are consistent with similar changes accepted by the Commission in the LGIA. These changes have been incorporated into the following provisions of the SGIA, among others: Articles 1.3, 1.7, 1.8.1, 1.8.2, 1.8.3, 3.4.2, 3.4.3, 6.1.1, 10, and 12.9 and Attachment 1.

The fifth category of changes is the substitution of Agreement for SGIA or Small Generator Interconnection Agreement when appropriate, for ease and consistency throughout the document, because Agreement is the defined term at the beginning of the SGIA. These changes have been incorporated into the following provisions of the SGIA, among others: Article 3.3.3 and Attachment 1.

Another category of changes are correction of typographical errors and insertion of clarifications, such as substituting "The" for "This" at the beginning of Article 3.3.5, cross-referencing the definition of "Force Majeure Event" and changing "requesting" to "request" in Article 6.2, lower-casing "and" in Article 6.3, changing "person" and "party" to the defined term "Party" throughout Article 7.3, making clarifications to Article 8.1, capitalizing the defined term "Default" in Article 12.4.2, lower-casing the generic use of the term "interconnection customers" in Article 12.9, and substituting "courier" for "currier" in Article 13.1.

- **Changes that Apply Only to Certain Provisions of the SGIA**

- Changes to Article 1 regarding Scope

- Language at the end of Article 1.1 regarding the scope and limitations of the agreement was deleted to eliminate the reference to Interconnection Requests that are submitted under the 10 kW Inverter Process of the SGIP. As the ISO Controlled Grid is strictly a transmission voltage level, bulk energy delivery system, the components of the FERC *pro forma* SGIA referencing the Transmission Provider's Distribution System interconnections are thus not applicable to the Filing Parties' *pro forma* SGIA, which pertains only to interconnection to the ISO Controlled Grid. The applicable PTOs will process Interconnection Requests to their Distribution Systems according to their

respective processes. The 10 kW Inverter Process incorporated into the FERC *pro forma* SGIP falls under the category of Distribution System interconnections and therefore is not applicable to this SGIA.

Changes to Article 1.5 regarding Responsibilities of the Parties (Applicable Articles: 1.5.1, 1.5.3, 1.5.4, 1.5.5 and 1.5.7)

A change was made to Article 1.5.1 to incorporate the guidance from Order No. 2006 that the more detailed provisions of the LGIA will guide the interpretation of the provisions of the SGIA in instances where the SGIA is not clear.¹³

A change was made to Article 1.5.3 to outline the specific responsibilities of the PTO and the CAISO to operate the PTO's Transmission System (including any Upgrades) in a safe and reliable manner and in accordance with the SGIA.

Another change was made to Article 1.5.4 to add the concept of the Interconnection Customer complying with the PTO's Interconnection Handbook and to clarify that the SGIA will govern should there be a conflict between the PTO's Interconnection Handbook and the agreement. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Article 1.5.7 was added to include the concept that the Interconnection Customer will execute the Reliability Management System Agreement just as any other generator connected to the ISO Controlled Grid and operating in accordance with the ISO Tariff. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Change to Article 1.7 regarding Metering

A change was made to Article 1.7 to add the requirement that the PTO may install additional revenue quality metering and associated equipment pursuant to the PTO's applicable retail tariffs. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

¹³ Order No. 2006 at P 59: "Unless expressly changed in this Final Rule, the Commission's existing interconnection precedent and Order No. 2003 are relevant to this Final Rule and should be used as guidance for interpretation and implementation."

Changes to Article 1.8 regarding Reactive Power (Applicable Articles:
1.8.1, 1.8.2 and 1.8.3)

Changes were made to Article 1.8 to clarify that the Interconnection Customer would maintain rated power at the terminals of the generating unit instead of the Point of Interconnection. It was also clarified that the Small Generating Facility (with the exception of wind generation) would operate within the same reactive power range as all other generating units connected to the ISO Controlled Grid and operating in accordance with the ISO Tariff. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission. A reference to a new attachment containing the specific requirements for wind generators has also been added to these provisions, and this attachment is consistent with the same attachment added to the LGIA pursuant to order Nos. 661 and 661-A.¹⁴ Finally, the last section of this article was deleted, as compensation for reactive power consumption and provision by the Interconnection Customer outside of the identified power factor band is already covered by the ISO Tariff. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Change to Article 3.2 regarding Term of Agreement

A change was made to Article 3.2 to provide some flexibility in the specific term of the Agreement. This will allow for the insertion into the Agreement whatever term length is agreed between the Parties without a need for further modification of the *pro forma* SGIA.

Change to Article 3.4 regarding Temporary Disconnection

A change was made to Article 3.4 to clarify that either the Small Generating Facility or associated Interconnection Facilities are to be considered under temporary disconnection.

Changes to Article 3.4.1 regarding Emergency Conditions

Changes were made to Article 3.4.1 to include all electric systems that are directly connected to the ISO Controlled Grid (including those of the PTO and appropriate Distribution Systems) within the list of facilities that should be considered by the Interconnection Customer when analyzing facilities that may be affected or damaged. This Article was further modified to clarify that an Emergency Condition should apply to the Interconnection Customers' Interconnection Facilities in addition to the Generating Facility. This is primarily

¹⁴ *Interconnection for Wind Energy*, Order No. 661, FERC Stats. & Regs. ¶ 31,186 (2005); *order on reh'g*, Order No. 661-A, FERC Stats. & Regs. ¶ 31,198 (2005).

because the loss of either of these will generally result in the loss of the unit. The final change to this Article was a clarification to language to include notification by the Interconnection Customer for Emergency Conditions that may reasonably be expected to affect, in addition to the ISO Controlled Grid, the PTO's Interconnection Facilities.

Changes to Article 3.4.2 regarding Routine Maintenance, Construction and Repair

Additional language was added to Article 3.4.2 outlining the duty of the Interconnection Customer to comply with the maintenance and outage requirements of the ISO Tariff. The CAISO is the outage coordinator for the ISO Control Area and as such must ensure that outages of all facilities, including all generators connected to the ISO Controlled Grid, are properly coordinated to ensure maximum efficiency and reliability of the ISO Controlled Grid. To ensure proper consideration of the impact a planned outage of the Small Generating Facility or Interconnection Facilities may have on the PTO, language has also been included to require the Interconnection Customer to notify the PTO simultaneously with the CAISO. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Change to Article 3.4.3 regarding Forced Outages

A change was made to Article 3.4.3 to ensure the Interconnection Customer notifies the CAISO of all forced outages or reductions in unit output in accordance with the ISO Tariff. The CAISO is the outage coordinator for the ISO Control Area and as such must ensure that outages of all facilities, including all generators connected to the ISO Controlled Grid, are properly coordinated to ensure maximum efficiency and reliability of the ISO Controlled Grid.

Changes to Article 5 on Cost Responsibility for Network Upgrades (Applicable Articles: formerly 5.2.1, 5.2.1.1 and 5.2.1.2 and new Articles 5.3, 5.3.1 and 5.3.2)

Changes were made to Article 5.2 with regard to Network Upgrades. Changes to this article are consistent with the Filing Parties' *pro forma* LGIA accepted by the Commission. Essentially, Article 5.2.1, 5.2.1.1 and 5.2.1.2 have been deleted and new Articles 5.3 and 5.3.1 added. These new articles add a provision that an Interconnection Customer that upgrades the ISO Controlled Grid with Network Upgrades has the option of receiving transmission credits or repayment of amounts advanced for the Network Upgrades according to the same conditions considered under the *pro forma* LGIA.

A change was made to Article 5.3.2 to require the Interconnection Customer to engage in an agreement with Affected System owners and other affected owners of the ISO Controlled Grid, in accordance with the SGIP, for payment required under the SGIP. These changes also clarify that the PTO will not be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System.

Changes to Article 6 on Billing and Payment Procedures and Final Accounting (Applicable Articles: 6.1, 6.1.2 and 6.2)

A change was made to Article 6.1 requiring that any invoices between the CAISO and any other Party be submitted and paid in accordance with the ISO Tariff. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Another change was made to Article 6.1.2 to add three months (for a new total of six months) to the amount of time the PTO has to provide the Interconnection Customer the final accounting report of the difference between the actual costs for the required Interconnection Facilities and Upgrades and the Interconnection Customer's aggregated payments for these facilities and Upgrades. Article 6.1.2 of the FERC *pro forma* SGIA provides that the Transmission Provider shall provide the Interconnection Customers with a final accounting report of the actual construction costs of the relevant facilities within three (3) months of completing the construction and installation of such facilities. In contrast, Article 12.2 of the FERC *pro forma* LGIA provides that the Transmission Provider has six months after completion of the construction of the relevant facilities to provide a final cost accounting. Similar to Large Generator Interconnections, Small Generator Interconnections are often very complex and require substantial coordination between the Interconnection Customer, the ISO and the PTO. This is especially true given the unique physical attributes of the Western bulk transmission system that requires rigorous stability analysis to ensure adequate consideration of the impact of facilities interconnected with the bulk transmission system. An independent entity variation is therefore justified for this deviation from the FERC *pro forma* SGIA.

A change was made to Article 6.2 to require that milestones impacted by Force Majeure be according to Article 7.5.1, which contains the definition of Force Majeure in the SGIA.

Changes to Article 7.5 regarding Force Majeure

A change was made to Article 7.5.1 to conform the definition of "Force Majeure" to the definition of the same term contained in the *pro forma* LGIA.

Changes to Article 8 regarding Insurance

A change was made to Article 8.2 to capitalize the term Commercial Operation Date to identify this as a defined term that has been added to the SGIA.

A new Article 8.3 was added to clarify the responsibilities of the CAISO to maintain general liability insurance or self-insurance consistent with the CAISO's commercial practice. This addition is simply an alternative to revising Article 8.2 to make it applicable to both the PTO and the CAISO.

Changes to Article 10 regarding Disputes

New language was added at the beginning of Article 10 to clarify that disputes arising out of or in connection with the SGIA involving the CAISO will be settled in accordance with the provisions of Article 13 of the ISO Tariff. This is consistent with the treatment of all other disputes involving the CAISO under the ISO Tariff, and with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission. Disputes arising out of or in connection with the SGIA that do not involve the ISO are handled according to the provisions adapted from the FERC *pro forma* Article 10 (Articles 10.1, 10.2, 10.3, 10.4, 10.5, and 10.6).

Change to Article 12.9 regarding Security Arrangements

A change was made to Article 12.9 to add the requirement that an Interconnection Customer meet the ISO's standards for security implemented pursuant to the ISO Tariff. This change is consistent with a similar change accepted by the Commission in the LGIA.

Changes to Article 12.12 regarding Reservation of Rights

Changes were made to Article 12.12 on the Reservation of Rights to properly align the listing of articles of the SGIA regarding which the parties have rights pursuant to Section 205 of the Federal Power Act. The modification thus includes a specific listing of the articles for each party. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

Change to Article 12.13 regarding Joint and Several Obligations

A change was made to add a new Article 12.13, Joint and Several Obligations. This language was added to clarify that the respective obligations of the parties are several or individual and are not to be considered joint simply

because of the way the SGIA spells them out. This change is consistent with a similar change accepted by the Commission in the LGIA.

- **Changes made to Attachment 1, Glossary of Terms**

A number of changes were made to the terms in Attachment 1. These changes are described below. These changes were made to make the terms used within the SGIA as consistent as possible with the terms used in the LGIA and the ISO Tariff.

A change was made to modify the term "Affected System" (in addition to the categorical change of "Transmission Provider's Transmission System" to "ISO Controlled Grid") to include the PTO's electric system in the Affected System definition. This change will allow the PTOs to address issues within their electric system should the Interconnection Customer cause an impact to their electric system pursuant to the SGIA. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to modify the term "Business Day" to un-capitalize federal holidays because it is not a defined term and to add the day after Thanksgiving to the list of exclusions. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to add the term "Commercial Operation Date" to ensure the consistent use of this term in the SGIA.

A change was made to add the term "Control Area" to ensure the consistent use of this term in the SGIA.

A change was made to modify the term "Distribution System" to identify properly who has responsibility for these facilities and to simplify the definition.

A change was made to modify the term "Distribution Upgrades" to identify properly the facilities and to simplify the definition. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to modify the term "Good Utility Practice" clarify that it applies to the electric utility industry and that the term Good Utility Practice is not any one single practice, method or act alone, but rather is the practice, method or acts as a whole that are generally accepted within the region. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to delete the term "Interconnection Customer" because this term is defined in the introduction to the SGIA as the signatory to the SGIA and is not otherwise used in the SGIA generically.

A change was made to insert the term "Interconnection Handbook" to ensure the consistent use of this term in the SGIA.

A change was made to modify the term "Interconnection Request" to make it applicable to Interconnection Requests in general, as used in the SGIA, rather than limited just to an Interconnection Request submitted by the Interconnection Customer. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to insert the term "ISO Controlled Grid" to ensure the consistent use of this term in the SGIA.

A change was made to insert the term "ISO Tariff" to ensure the consistent use of this term in the SGIA.

A change was made to modify the term "Material Modification" to accommodate the concept that an interconnection request other than one to interconnect a Small Generating Facility subject to the SGIP can have an effect on an Interconnection Request governed by the SGIP. This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to insert the term "Operational Control" to ensure the consistent use of this term in the SGIA.

A change was made to modify the term "Operating Requirements" to include the reliability council, Western Electricity Coordinating Council and the PTO to the list of entities establishing operating requirements within the region and capitalize the term "Control Area" as it is defined in the SGIA.

A change was made to delete the term "Tariff" as it is duplicative with the new defined term "ISO Tariff." This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to delete the term "Transmission Owner" because this term is not valid for the SGIA, having been superseded by the terms "ISO" and "Participating TO." This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to delete the term "Transmission Provider" because this term is not valid for the SGIA, having been superseded by the terms "ISO" and "Participating TO." This change is consistent with a similar change incorporated into the Filing Parties' *pro forma* LGIA previously accepted by the Commission.

A change was made to insert the term "Transmission Control Agreement" to ensure the consistent use of this term in the SGIA.

A change was made to modify the term "Transmission System" to conform this definition to the use of the definitions of "ISO" and "Participating TO" in the SGIA.

A change was made to modify the term "Upgrades" to include the Participating TO's Distribution System in this definition to make sure the impacts of the interconnection of a Small Generating Facility are properly considered.

- **Changes made to establish Requirements Applicable to Wind Facilities**

A new Attachment 7 was added to the SGIA to include the interconnection requirements for wind generating plants. The ISO¹⁵ has included in this filing the requirements for wind generating plants dictated by Order Nos. 661 and 661-A with regard to the LGIA, and which are found in the proposed *pro forma* LGIA that was filed by the ISO on January 18, 2006 in Docket No.ER06-524. These requirements were therefore included in the SGIA, not only because it is likely that some Small Generating Facilities covered by the SGIA may be wind generators and will need such clarity, but also because it is consistent with the *pro forma* LGIA approach. The ISO is aware that Order Nos. 2006 and 2006-A did not provide for complete consistency between the LGIA and SGIA in this regard, but note that the Commission did acknowledge that reliability concerns may lead to similar results.¹⁶ The ISO believes that this parallel approach is

¹⁵ As noted above, the PTOs are joining in all but one component of the SGIA compliance filing. The PTOs do not join in the portion of the compliance filing relating to the continued exemption of wind generation from the power factor requirements found in Article 1.8.1 of the SGIA.

¹⁶ See, e.g., Order No. 2006-A at P 38 ("The provisions of SGIA article 1.8.1 notwithstanding, the SGIP still requires the Interconnection Customer to mitigate any adverse safety and reliability effects its Small Generating Facility may have on the Transmission Provider's Transmission System. The Small Generating Facility (whether wind-powered or not) must still pass either the SGIP's Study Process or technical screens before interconnecting. If additional facilities are needed to safely interconnect the Small Generating Facility with the Transmission Provider's electric system, whether due to safety or reliability (including reactive power) reasons, the Transmission Provider shall identify them and assign costs as specified in SGIA articles 4 and 5.")

appropriate for reliability reasons and should be permitted under the independent entity variation standard.

- **Changes made to recognize the Reliability Management System Agreement**

A new Attachment 8 was added to the SGIA to include the Reliability Management System Agreement. This requirement was included in the SGIA not only because it is appropriate that Small Generating Facilities interconnected to the ISO Controlled Grid be subject to the same requirements as other Generators connected to the ISO Controlled Grid and operating under the ISO Tariff, but also because it is consistent with the *pro forma* LGIA.

V. EFFECTIVE DATE

The Filing Parties respectfully request that the Commission make the effective date for this filing the date on which the Commission acts on the SGIA, consistent with Order No. 2006 P 545.

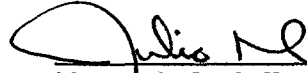
VI. SERVICE

The ISO has served copies of this transmittal letter, and all attachments, on the California Public Utilities Commission, the California Energy Commission, the California Electricity Oversight Board, all parties with effective Scheduling Coordinator Agreements under the ISO Tariff, and all parties on the Official Service List in Docket No. RM02-12. In addition, the ISO is posting this transmittal letter and all attachments on the ISO Home Page.

VII. CONCLUSION

For the reasons set forth above, the Filing Parties respectfully request that the Commission approve the attached SGIA as a *pro forma* agreement, to be made effective as of the date of the Commission's order approving this filing.

Respectfully submitted,



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ATTACHMENT A

**Appendix F to the Small
Generator Interconnection Final Rule**

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

This Small Generator Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by

(~~Transmission Provider~~Participating TO), the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("ISO") and

(Interconnection Customer) each hereinafter sometimes referred to individually as "Party" or ~~both~~ referred to collectively as the "Parties."

Transmission Provider Participating TO Information

~~Transmission Provider~~Participating TO:

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

ISO Information

Attention: Phil Pettingill
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) ~~except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.~~
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the ~~Transmission Provider's~~ Participating TO's Transmission System.

1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity ~~with the applicable Transmission Provider~~ in accordance with the ISO Tariff.

1.4 Nothing in this Agreement is intended to affect any other agreement between or among the Parties ~~Transmission Provider and the Interconnection Customer.~~

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice. The Parties shall use the Standard Large Generator Interconnection Agreement (ISO Tariff Appendix V) to interpret the responsibilities of the Parties under this Agreement.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 ~~The Transmission Provider Participating TO~~ shall construct, operate, and maintain its ~~Transmission System and~~ Interconnection Facilities and Upgrades in accordance with this Agreement, and with Good Utility Practice. The ISO and the Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this Agreement.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the ~~Transmission Provider Participating TO~~ and any Affected Systems. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook. In the event of a conflict between the terms of this Agreement and the terms of the Participating TO's Interconnection Handbook, the terms in this Agreement shall govern.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be

responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. ~~The Transmission Provider-Participating TO and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Provider's Transmission System ISO Controlled Grid, the Participating TO's electric system, the Participating TO's personnel, and other persons from damage and injury.~~ The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 ~~The Transmission Provider-Participating TO and the ISO shall coordinate with all Affected Systems to support the interconnection.~~

1.5.7 The Interconnection Customer shall execute the Reliability Management System Agreement of the Western Electricity Coordinating Council prior to parallel operation of the Small Generating Facility. The Reliability Management System Agreement is provided as Attachment 8 to this Agreement.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the ~~applicable ISO Control Area~~, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the ~~ISO Tariff or by the applicable system operator(s) for the ISO Controlled Grid Transmission Provider's Transmission System~~ and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall comply with the provisions of the ISO Tariff regarding metering, including the Metering Protocol of the ISO Tariff, and shall be responsible for the Transmission Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. ~~The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements. The Participating TO may install retail revenue quality meters and associated equipment pursuant to the Participating TO's applicable retail tariffs.~~

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the ~~Point of Interconnection terminals of each generating unit~~ at a power factor within the range of 0.95 leading to 0.905 lagging, unless the ~~Transmission Provider-ISO~~ has established different requirements that apply to all similarly situated generators in the ~~ISO Control Area~~ on a comparable basis. The requirements of this paragraph shall not apply to wind generators and the requirements of Attachment 7 shall apply instead.

~~1.8.2 The Transmission Provider is required to pPayment to the Interconnection Customer for reactive power that the Interconnection Customer~~Small Generating Facility provides or absorbs from the ~~Small Generating Facility~~ when the ~~Transmission Provider~~ISO requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1 will be made by the ISO in accordance with the applicable provisions of the ISO Tariff. ~~In addition, if the Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.~~

~~1.8.3 Payments shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate the Interconnection Customer from the time service commenced.~~

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the ~~Transmission Provider~~Participating TO and the ISO of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The ~~Transmission Provider~~Participating TO and the ISO may, at ~~its~~their own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the ~~Transmission Provider~~Participating TO and the ISO a written test report when such testing and inspection is completed.

2.1.2 The ~~Transmission Provider~~Participating TO and the ISO shall provide the Interconnection Customer written acknowledgment that ~~it has~~they have received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the ~~Transmission Provider~~Participating TO or the ISO of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the

Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The ~~Transmission Provider~~ Participating TO and the ISO shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the ~~Transmission Provider~~ Participating TO and the ISO shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The ~~Transmission Provider~~ Participating TO and the ISO shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the ~~Transmission Provider's~~ Participating TO's Transmission System without prior written authorization of the ~~Transmission Provider~~ Participating TO. The ~~Transmission Provider~~ Participating TO will provide such authorization to the Interconnection Customer and the ISO once the ~~Transmission Provider~~ Participating TO receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the ~~Transmission Provider~~ Participating TO and the ISO may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the ~~Transmission Provider~~ Participating TO and the ISO at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the ~~Transmission Provider~~ Participating TO and the ISO shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The ~~Transmission Provider~~ Participating TO and the ISO shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ~~ten~~ _____ years from the Effective Date (term specified in individual agreements to be ten (10) years or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the ~~Transmission Provider~~ Participating TO and the ISO 20 Business Days written notice.

3.3.2 ~~Either~~ Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this ~~SGIA Agreement~~ or such non-terminating Party otherwise is responsible for these costs under this ~~SGIA Agreement~~.

3.3.4 The termination of this Agreement shall not relieve ~~either~~ any Party of its liabilities and obligations, owed or continuing at the time of termination.

3.3.5 ~~These~~ provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection of the Small Generating Facility or associated Interconnection Facilities shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently

likely to endanger life or property; or (2) that, in the case of the ~~Transmission Provider~~ ISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the ISO Controlled Grid or the electric systems of others to which the ISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, the Participating Transmission Provider TO's Interconnection Facilities, Distribution System, or the Transmission electric sSystems of others to which the Participating TO's Transmission electric sSystem is directly connected; or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the ~~Transmission Provider~~ ISO or the Participating TO may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The ~~Transmission Provider~~ Participating TO or the ISO shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall notify the ~~Transmission Provider~~ Participating TO and the ISO promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid, the Participating TO's Interconnection Facilities, or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of ~~both Parties'~~ the Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The ~~Transmission Provider~~ Participating TO or the ISO may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid when necessary for routine maintenance, construction, and repairs on the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid or the Participating TO's electric system. The ~~Transmission Provider~~ Party scheduling the interruption shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The ~~Transmission Provider~~ Party scheduling the interruption shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

The Interconnection Customer shall update its planned maintenance schedules in accordance with the ISO Tariff. The ISO may request the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the ISO Controlled Grid in accordance with the ISO Tariff. Such planned maintenance schedules and updates and changes to such schedules shall be

provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the ISO.

3.4.3 Forced Outages

During any forced outage, the ~~Transmission Provider~~Participating TO or the ISO may suspend interconnection service to effect immediate repairs on the ~~Transmission Provider's Transmission System~~ISO Controlled Grid or the Participating TO's electric system. The ~~Transmission Provider~~Participating TO or the ISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the ~~Transmission Provider~~Participating TO or the ISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection. The Interconnection Customer shall notify ISO, as soon as practicable, of all forced outages or reductions of the Small Generating Facility in accordance with the ISO Tariff.

3.4.4 Adverse Operating Effects

The ~~Transmission Provider~~Participating TO or the ISO shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the ISO Controlled Grid, the Participating TO~~Transmission Provider's Transmission System or Affected Systems~~. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the ~~Transmission Provider~~Participating TO or the ISO may disconnect the Small Generating Facility. The ~~Transmission Provider~~Participating TO or the ISO shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the ~~Transmission Provider~~Participating TO and the ISO before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the ~~Transmission System~~ISO Controlled Grid or the Participating TO's electric system. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the ~~Transmission Provider~~Participating TO's and the ISO's prior written authorization, the ~~latter~~Participating TO or the ISO shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, the Participating TO's electric system, and the ~~Transmission Provider's Transmission System~~ISO Controlled Grid to their normal

operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The ~~Transmission Provider~~Participating TO shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, ~~and the Transmission Provider~~ISO, and the Participating TO.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the ~~Transmission Provider~~Participating TO's Interconnection Facilities.

4.2 Distribution Upgrades

The ~~Transmission Provider~~Participating TO shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the ~~Transmission Provider~~Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The ~~Transmission Provider or the Transmission Owner~~Participating TO shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the ~~Transmission Provider~~Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the ~~Transmission Provider~~Participating TO elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

~~5.2.1 The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.~~

~~5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Transmission Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.~~

~~5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.~~

5.3 Transmission Credits.

No later than thirty (30) days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the ISO and the Participating TO to receive Firm Transmission Rights as defined in and as available under the ISO Tariff at the time of the election in accordance with the ISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 5.3.1.

5.3.1 Repayment of Amounts Advanced for Network Upgrades. Upon the Commercial

Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the cost of Network Upgrades. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue to accrue on the repayment obligation so long as this Agreement is in effect. The Interconnection Customer may assign such repayment rights to any person.

If the Small Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3.2 Special Provisions for Affected Systems ~~Unless the Transmission Provider provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid, as applicable, in accordance with the SGIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System. operator as well as the repayment by Affected System operator.~~

5.3.3 Rights Under Other Agreements. Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if

any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The ~~Transmission Provider~~Participating TO shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties. Notwithstanding the foregoing, any invoices between the ISO and another Party shall be submitted and paid in accordance with the ISO Tariff.

6.1.2 Within ~~three~~six months of completing the construction and installation of the ~~Transmission Provider~~Participating TO's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the ~~Transmission Provider~~Participating TO shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the ~~Transmission Provider~~Participating TO for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the ~~Transmission Provider~~Participating TO shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the ~~Transmission Provider~~Participating TO within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the ~~Transmission Provider~~Participating TO shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, as defined in article 7.5.1, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Parties affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) they~~it~~ will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it~~they~~ has~~have~~ reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the ~~Transmission Provider~~ Participating TO and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Upgrades ~~and~~ shall be reduced on a dollar-for-dollar basis for payments made to the ~~Transmission Provider~~ Participating TO under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the ~~Transmission Provider~~ Participating TO, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the ~~Transmission Provider~~ Participating TO and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by ~~either any~~ Party upon 15 Business Days prior written notice and opportunity to object by the other ~~Parties~~ ies; provided that:

- 7.1.1 ~~Either Any~~ Party may assign this Agreement without the consent of the other ~~Parties~~ ies to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the ~~Transmission Provider~~ Participating TO and the ISO of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the ~~Transmission Provider~~ Participating TO or the ISO, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the ~~Transmission Provider~~ Participating TO and the ISO of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is

responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the another Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person-Party is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person-Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying pParty is obligated to indemnify and hold any indemnified person-Party harmless under this article, the amount owing to the indemnified person-Party shall be the amount of such indemnified person-Party's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person-Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person-Party shall notify the indemnifying pParty of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying pParty.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, ~~neither~~no Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to ~~the~~another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include ~~an~~an acts of negligence or intentional wrongdoing by the Party claiming Force Majeure."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Partyies, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Partyies informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of ~~the~~another Party. Upon a Default, the affected non-defaulting Party(ies) shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the affected non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not ~~that such Party(ies)~~ terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the ~~Transmission Provider~~ Participating TO or ISO, except that the Interconnection Customer shall show proof of insurance to the ~~Transmission Provider~~ Participating TO and ISO no later than ten Business Days prior to the anticipated ~~eCommercial eOperation eDate~~. ~~And~~ If the Interconnection Customer is of sufficient credit-worthiness, it may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 The ~~Transmission Provider~~ Participating TO agrees to maintain general liability insurance or self-insurance consistent with the ~~Transmission Provider~~ Participating TO's commercial practice. Such insurance or self-insurance shall not exclude coverage for the ~~Transmission Provider~~ Participating TO's liabilities undertaken pursuant to this Agreement.

8.3 The ISO agrees to maintain general liability insurance or self-insurance consistent with the ISO's commercial practice. Such insurance shall not exclude coverage for the ISO's liabilities undertaken pursuant to this Agreement.

~~8.34~~ The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to ~~the~~ another Party that is clearly marked or otherwise

designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Parties and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either any of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

All disputes arising out of or in connection with this Agreement whereby relief is sought by or from ISO shall be settled in accordance with the provisions of Article 13 of the ISO Tariff, except that references to the ISO Tariff in such Article 13 of the ISO Tariff shall be read as reference to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Article 13 of the ISO Tariff shall be resolved as follows:

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other Parties to maintain the other Party's sies' tax status. Nothing in this Agreement is intended to adversely affect the ~~Transmission Provider~~ Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 12.2 Amendment
The Parties may amend this Agreement by a written instrument duly executed by ~~both~~ all of the Parties, or under article 12.12 of this Agreement.
- 12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by ~~either~~any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or ~~d~~Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the ~~Transmission Provider~~Participating TO. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement ~~between~~among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, ~~either~~any Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership ~~between~~among the Parties or to impose any partnership obligation or partnership liability upon ~~either~~any Party. ~~Neither~~No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, ~~the~~another Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of ~~electric system~~ ISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day ISO Controlled Grid reliability and operational security. FERC expects ~~the ISO, all Transmission Providers~~ Participating TOs, market participants, and ~~interconnection C~~customers interconnected to ~~electric systems~~ the ISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Interconnection Customer shall meet the requirements for security implemented pursuant to the ISO Tariff, including the ISO's standards for information security posted on the ISO's internet web site at the following internet address:

<http://www.caiso.com/pubinfo/info-security/index.html>.

12.10 Environmental Releases

Each Party shall notify the other Parties, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall ~~the Transmission Provider~~ Participating TO or the ISO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The ~~ISO and Participating TO~~ ~~Transmission Provider~~ shall each have the right to make a unilateral filing with FERC to modify this Agreement ~~with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under~~ pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

Introductory Paragraph, 1.1, 1.2, 1.3, 1.4, 1.5.1, 1.5.2, 1.5.3, 1.5.4, 1.5.5, 1.5.6, 1.5.7, 1.6, 1.7, 1.8.1, 1.9, 2.1, 2.2.1, 2.3, 3, 4.1.1 (last sentence only), 5.1, 5.3, 6.2, 7, 8, 9, 11, 12, 13, Attachment 1, Attachment 4, Attachment 5, Attachment 7, and Attachment 8.

The Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

2.2.2, 4.1.1 (all but the last sentence), 4.1.2, 4.2, 5.2, 6.1.1 (all but the last sentence), 6.1.2, 6.3, 10 (all but preamble), Attachment 2, Attachment 3 and Attachment 6.

The ISO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

1.8.2, 6.1.1 (last sentence only) and 10 (preamble only).

~~, and the~~ The Interconnection Customer, the ISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise mutually agree as provided herein.

12.13 Joint and Several Obligations

Except as otherwise provided in this Agreement, the obligations of the ISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national ~~carrier~~ courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ~~Transmission Provider~~ Participating TO:

~~Transmission Provider~~ Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ISO:

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

~~Transmission Provider~~ Participating TO: _____

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by ~~either any~~ any Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ~~Transmission Provider~~ Participating TO:

~~Transmission Provider~~ Participating TO:

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ISO:

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

~~Transmission Provider~~ Participating TO's Operating Representative:

~~Transmission Provider~~ Participating TO:

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

ISO's Operating Representative

California Independent System Operator

Attention: _____

151 Blue Ravine Road

Folsom, CA 95630

Phone: 916-351-4400

Fax: _____

13.5 Changes to the Notice Information

~~Either~~ Any Party may change this information by giving five Business Days written notice to the other Parties prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the California Independent System Operator

Name: _____

Title: _____

Date: _____

For the ~~Transmission Provider~~ Participating TO

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Glossary of Terms

Affected System – ~~An electric system other than the Transmission Provider's Transmission System~~ ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the ISO Controlled Grid.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding ~~F~~federal ~~H~~holidays and the day after Thanksgiving Day.

Commercial Operation Date – The date on which a Small Generating Facility commenced generating electricity for sale as agreed upon by the Participating TO and the Interconnection Customer.

Control Area – An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the applicable reliability council.

Default – The failure of a breaching Party to cure its breach under ~~the Small Generator Interconnection~~ this Agreement.

Distribution System – ~~Those Transmission Provider's non-ISO-controlled transmission and distribution facilities owned by the Participating TO and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.~~

Distribution Upgrades – The additions, modifications, and upgrades to the ~~Transmission Provider~~ Participating TO's Distribution System ~~at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce.~~ Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be ~~limited to~~ 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.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having

jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, ISO, Participating TO, ~~the Interconnection Provider~~, or any Affiliate thereof.

Interconnection Customer – ~~Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Transmission System.~~

Interconnection Facilities – ~~The Transmission Provider~~ Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the ~~Transmission Provider~~ Participating TO's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook – A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's Transmission System, as such handbook may be modified or superseded from time to time. The Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and applicable reliability standards.

Interconnection Request – ~~The Interconnection Customer's~~ A request, in accordance with the ISO Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid.

ISO Controlled Grid – The system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the ISO's Operational Control.

ISO Tariff – The ISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the ~~Transmission Provider~~ Participating TO's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid to accommodate the interconnection of the Small Generating Facility with the ~~Transmission Provider's Transmission System~~ ISO Controlled Grid. Network Upgrades do not include Distribution Upgrades.

Operational Control – The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and

facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Operating Requirements – Any operating and technical requirements that may be applicable due to the Regional Transmission Organization, Independent System Operator, Western Electricity Coordinating Council, eControl aArea, or the Transmission Provider Participating TO's requirements, including those set forth in the ~~Small Generator Interconnection~~ this Agreement.

Party or Parties – ~~The Transmission Provider, Transmission Owner~~ Participating TO, ISO, Interconnection Customer or ~~any~~ the applicable combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the ~~Transmission Provider~~ Participating TO's Transmission System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the ~~Small Generator Interconnection~~ this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Tariff – ~~The Transmission Provider or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.~~

Transmission Owner – ~~The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.~~

Transmission Provider – ~~The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.~~

Transmission Control Agreement – ISO FERC Electric Tariff No. 7.

Transmission System – ~~The facilities owned, controlled or~~ and operated by the ~~Transmission Provider or the Transmission Owner~~ Participating TO and that have been placed under the ISO's Operational Control, which facilities form part of the ISO Controlled Grid ~~that are used to provide transmission service under the Tariff.~~

Upgrades – The required additions and modifications to the ~~Transmission Provider~~ Participating TO's Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Description and Costs of the Small Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, ~~the Transmission Provider, or the Transmission Owner~~ Participating TO. ~~The Transmission Provider~~ Participating TO will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Attachment 3

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the ISO _____ Date _____

For the ~~Transmission Provider~~ Participating TO _____
Date _____

For the Transmission Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

**Additional Operating Requirements for the ~~Transmission Provider's~~
~~Transmission System~~ ISO Controlled Grid and Affected Systems Needed to Support
the Interconnection Customer's Needs**

| The ~~Transmission Provider~~ Participating TO and the ISO shall also provide requirements that
must be met by the Interconnection Customer prior to initiating parallel operation with the
| ~~Transmission Provider's Transmission System~~ ISO Controlled Grid.

**Transmission Provider Participating TO's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The ~~Transmission Provider~~ Participating TO shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The ~~Transmission Provider~~ Participating TO shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Attachment 7 sets forth requirements and provisions specific to a wind generating plant. All other requirements of this Agreement continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants that have either: (i) interconnection agreements signed and filed with FERC, filed with FERC in unexecuted form, or filed with FERC as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the

performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the ISO Controlled Grid. A wind generating plant shall remain interconnected during such a fault on the ISO Controlled Grid for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the ISO Controlled Grid at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this Agreement in order to maintain a specified voltage schedule, if the system impact study shows that such a requirement is necessary to ensure safety or reliability. The power

factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and ISO. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the system impact study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Participating TO and ISO to protect system reliability. The Participating TO and ISO and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

Reliability Management System Agreement

RELIABILITY MANAGEMENT SYSTEM AGREEMENT
by and between
[TRANSMISSION OPERATOR]
and
[GENERATOR]

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT (the "Agreement"), is entered into this _____ day of _____, 2002, by and between _____ (the "Transmission Operator") and _____ (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WSCC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WSCC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WSCC Agreement.

Party means either the Generator or the Transmission Operator and

Parties means both of the Generator and the Transmission Operator.

Reliability Management System or RMS means the contractual reliability management program implemented through the WSCC Reliability Criteria Agreement, the WSCC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WSCC operate synchronously connected transmission systems.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WSCC means the Western Systems Coordinating Council or a successor entity.

WSCC Agreement means the Western Systems Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

WSCC Reliability Criteria Agreement means the Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WSCC and certain of its member transmission operators, as such may be amended from time to time.

WSCC RMS Agreement means an agreement between the WSCC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WSCC Reliability Criteria Agreement.

WSCC Staff means those employees of the WSCC, including personnel hired by the WSCC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

3.1 Term. This Agreement shall become effective [thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any

changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable].

[Note: if the interconnection agreement is not FERC jurisdictional, replace bracketed language with: [on the later of: (a) the date of execution; or (b) the effective date of the WSCC RMS Agreement.]]

3.2 Notice of Termination of WSCC RMS Agreement. The Transmission Operator shall give the Generator notice of any notice of termination of the WSCC RMS Agreement by the WSCC or by the Transmission Operator within fifteen (15) days of receipt by the WSCC or the Transmission Operator of such notice of termination.

3.3 Termination by the Generator. The Generator may terminate this Agreement as follows:

(a) following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WSCC RMS Agreement;

(b) following the effective date of an amendment to the requirements of the WSCC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or

(c) for any reason on one year's written notice to the Transmission Operator and the WSCC.

3.4 Termination by the Transmission Operator. The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WSCC RMS Agreement.

3.5 Mutual Agreement. This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WSCC RELIABILITY CRITERIA

4.1 Compliance with Reliability Criteria. The Generator agrees to comply with the requirements of the WSCC Reliability Criteria Agreement, including the applicable WSCC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the

Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WSCC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WSCC Reliability Criteria Agreement.

4.2 Modifications to WSCC Reliability Criteria Agreement. The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WSCC of the initiation of any WSCC process to modify the WSCC Reliability Criteria Agreement. The WSCC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WSCC for modifications to reliability criteria.

4.3 Notice of Modifications to WSCC Reliability Criteria Agreement. If, following the process specified in Section 4.2, any modification to the WSCC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.

4.4 Effective Date. Any modification to the WSCC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.

4.5 Transfer of Control or Sale of Generation Facilities. In any sale or transfer of control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

5.1 Payment of Monetary Sanctions. The Generator shall be responsible for payment directly to the WSCC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

5.2 Publication. The Generator consents to the release by the WSCC of information related to the Generator's compliance with this Agreement only in accordance with the WSCC Reliability Criteria Agreement.

5.3 Reserved Rights. Nothing in the RMS or the WSCC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WSCC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WSCC: (1) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WSCC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WSCC is a third-party beneficiary to this Agreement, and the WSCC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WSCC pursuant to this Agreement, and Generator shall not be liable to the WSCC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WSCC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing. [This section shall be omitted for agreements not subject to FERC jurisdiction.]

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

: _____

Fax: _____

: _____

Fax: _____

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WSCC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of _____ but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WSCC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be executed by their respective duly authorized officers as of the date first above written.

By:
Name:
Title:

By:
Name:
Title:

ATTACHMENT B

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

This Small Generator Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20____, by _____ ("Participating TO"), the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("ISO") and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or referred to collectively as the "Parties."

Participating TO Information

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

ISO Information

Attention: Phil Pettingill
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP).
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Participating TO's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the ISO Tariff.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between or among the Parties.

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice. The Parties shall use the Standard Large Generator Interconnection Agreement (ISO Tariff Appendix V) to interpret the responsibilities of the Parties under this Agreement.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Participating TO shall construct, operate, and maintain its Interconnection Facilities and Upgrades in accordance with this Agreement, and with Good Utility Practice. The ISO and the Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this Agreement.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Participating TO and any Affected Systems. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook. In the event of a conflict between the terms of this Agreement and the terms of the Participating TO's Interconnection Handbook, the terms in this Agreement shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Participating TO and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the ISO Controlled Grid, the Participating TO's electric system, the Participating TO's personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Participating TO and the ISO shall coordinate with Affected Systems to support the interconnection.
- 1.5.7 The Interconnection Customer shall execute the Reliability Management System Agreement of the Western Electricity Coordinating Council prior to parallel operation of the Small Generating Facility. The Reliability Management System Agreement is provided as Attachment 8 to this Agreement.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the ISO Control Area, including, but not limited to: 1) the rules and procedures concerning the operation of generation set forth in the ISO Tariff for the ISO Controlled Grid and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall comply with the provisions of the ISO Tariff regarding metering, including the Metering Protocol of the ISO Tariff, and shall be responsible for the reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Participating TO may install retail revenue quality meters and associated equipment pursuant to the Participating TO's applicable retail tariffs.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the terminals of each generating unit at a power factor within the range of 0.95 leading to 0.90 lagging, unless the ISO has established different requirements that apply to all similarly situated generators in the ISO Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators and the requirements of Attachment 7 shall apply instead.

1.8.2 Payment to the Interconnection Customer for reactive power that the Small Generating Facility provides or absorbs when the ISO requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1 will be made by the ISO in accordance with the applicable provisions of the ISO Tariff.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Participating TO and the ISO of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Participating TO and the ISO may, at their own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Participating TO and the ISO a written test report when such testing and inspection is completed.

2.1.2 The Participating TO and the ISO shall provide the Interconnection Customer written acknowledgment that they have received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Participating TO or the ISO of the safety, durability, suitability, or reliability of the Small Generating Facility or any

associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Participating TO and the ISO shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Participating TO and the ISO shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Participating TO and the ISO shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Participating TO's Transmission System without prior written authorization of the Participating TO. The Participating TO will provide such authorization to the Interconnection Customer and the ISO once the Participating TO receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Participating TO and the ISO may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Participating TO and the ISO at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Participating TO and the ISO shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Participating TO and the ISO shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of _____ years from the Effective Date (term specified in individual agreements to be ten (10) years or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Participating TO and the ISO 20 Business Days written notice.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the ISO Controlled Grid. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection of the Small Generating Facility or associated Interconnection Facilities shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; (2) that, in the case of the ISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the ISO Controlled Grid or the electric systems of others to which the ISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, the Participating TO's Interconnection Facilities, Distribution System, or the electric systems of others to which the Participating TO's electric system is directly connected; or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the ISO or the Participating TO may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Participating TO or the ISO shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall notify the Participating TO and the ISO promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the ISO Controlled Grid, the Participating TO's Interconnection Facilities, or any Affected

Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Participating TO or the ISO may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the ISO Controlled Grid when necessary for routine maintenance, construction, and repairs on the ISO Controlled Grid or the Participating TO's electric system. The Party scheduling the interruption shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Party scheduling the interruption shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

The Interconnection Customer shall update its planned maintenance schedules in accordance with the ISO Tariff. The ISO may request the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the ISO Controlled Grid in accordance with the ISO Tariff. Such planned maintenance schedules and updates and changes to such schedules shall be provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the ISO.

3.4.3 Forced Outages

During any forced outage, the Participating TO or the ISO may suspend interconnection service to effect immediate repairs on the ISO Controlled Grid or the Participating TO's electric system. The Participating TO or the ISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Participating TO or the ISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection. The Interconnection Customer shall notify ISO, as soon as practicable, of all forced outages or reductions of the Small Generating Facility in accordance with the ISO Tariff.

3.4.4 Adverse Operating Effects

The Participating TO or the ISO shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the ISO Controlled Grid, the Participating TO's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Participating TO or the ISO may disconnect the Small Generating Facility. The Participating TO or the ISO shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Participating TO and the ISO before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the ISO Controlled Grid or the Participating TO's electric system. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Participating TO's and the

ISO's prior written authorization, the Participating TO or the ISO shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, the Participating TO's electric system, and the ISO Controlled Grid to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Participating TO shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, the ISO, and the Participating TO.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Participating TO's Interconnection Facilities.

4.2 Distribution Upgrades

The Participating TO shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Participating TO shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Participating TO elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.3 Transmission Credits.

No later than thirty (30) days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the ISO and the Participating TO to receive Firm Transmission Rights as defined in and as available under the ISO Tariff at the time of the election in accordance with the ISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 5.3.1.

5.3.1 Repayment of Amounts Advanced for Network Upgrades. Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the cost of Network Upgrades. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue to accrue on the repayment obligation so long as this Agreement is in effect. The Interconnection Customer may assign such repayment rights to any person.

If the Small Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3.2 Special Provisions for Affected Systems The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid, as applicable, in accordance with the SGIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System.

5.3.3 Rights Under Other Agreements. Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Participating TO shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties. Notwithstanding the foregoing, any invoices between the ISO and another Party shall be submitted and paid in accordance with the ISO Tariff.

6.1.2 Within six months of completing the construction and installation of the Participating TO's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Participating TO shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Participating TO for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Participating TO shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Participating TO within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Participating TO shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, as defined in article 7.5.1, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) request appropriate amendments to Attachment 4. The Parties affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) they will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) they have reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Participating TO's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Participating TO and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Participating TO's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Participating TO under this Agreement during its term. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Participating TO, and contain terms and conditions that

guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Participating TO and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 Any Party may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Participating TO and the ISO of any such assignment;

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Participating TO or the ISO, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Participating TO and the ISO of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified Party is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this article, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, no Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing by the Party claiming Force Majeure."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Parties, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Parties informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or

the result of an act or omission of another Party. Upon a Default, the affected non-defaulting Party(ies) shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the affected non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Participating TO or ISO, except that the Interconnection Customer shall show proof of insurance to the Participating TO and ISO no later than ten Business Days prior to the anticipated Commercial Operation Date. If the Interconnection Customer is of sufficient credit-worthiness, it may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Participating TO agrees to maintain general liability insurance or self-insurance consistent with the Participating TO's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Participating TO's liabilities undertaken pursuant to this Agreement.
- 8.3 The ISO agrees to maintain general liability insurance or self-insurance consistent with the ISO's commercial practice. Such insurance shall not exclude coverage for the ISO's liabilities undertaken pursuant to this Agreement.
- 8.4 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by

the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Parties and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

All disputes arising out of or in connection with this Agreement whereby relief is sought by or from ISO shall be settled in accordance with the provisions of Article 13 of the ISO Tariff, except that references to the ISO Tariff in such Article 13 of the ISO Tariff shall be read as reference to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Article 13 of the ISO Tariff shall be resolved as follows:

10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.

11.2 Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by all of the Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of

the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of ISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day ISO Controlled Grid reliability and operational security. FERC expects the ISO, all Participating TOs, market participants, and interconnection customers interconnected to the ISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Interconnection Customer shall meet the requirements for security implemented pursuant to the ISO Tariff, including the ISO's standards for information security posted on the ISO's internet web site at the following internet address:

<http://www.caiso.com/pubinfo/info-security/index.html>.

12.10 Environmental Releases

Each Party shall notify the other Parties, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly

furnish to the other Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Participating TO or the ISO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The ISO and Participating TO shall each have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

Introductory Paragraph, 1.1, 1.2, 1.3, 1.4, 1.5.1, 1.5.2, 1.5.3, 1.5.4, 1.5.5, 1.5.6, 1.5.7, 1.6, 1.7, 1.8.1, 1.9, 2.1, 2.2.1, 2.3, 3, 4.1.1 (last sentence only), 5.1, 5.3, 6.2, 7, 8, 9, 11, 12, 13, Attachment 1, Attachment 4, Attachment 5, Attachment 7, and Attachment 8.

The Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

2.2.2, 4.1.1 (all but the last sentence), 4.1.2, 4.2, 5.2, 6.1.1 (all but the last sentence), 6.1.2, 6.3, 10 (all but preamble), Attachment 2, Attachment 3 and Attachment 6.

The ISO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

1.8.2, 6.1.1 (last sentence only) and 10 (preamble only).

The Interconnection Customer, the ISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise mutually agree as provided herein.

12.13 Joint and Several Obligations

Except as otherwise provided in this Agreement, the obligations of the ISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Participating TO:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ISO:

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Participating TO: _____

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by any Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Participating TO:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ISO:

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Participating TO's Operating Representative:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

ISO's Operating Representative

California Independent System Operator

Attention: _____

151 Blue Ravine Road

Folsom, CA 95630

Phone: 916-351-4400 Fax: _____

13.5 Changes to the Notice Information

Any Party may change this information by giving five Business Days written notice to the other Parties prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the California Independent System Operator

Name: _____

Title: _____

Date: _____

For the Participating TO

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Glossary of Terms

Affected System – An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the ISO Controlled Grid.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

Commercial Operation Date – The date on which a Small Generating Facility commenced generating electricity for sale as agreed upon by the Participating TO and the Interconnection Customer.

Control Area – An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the applicable reliability council.

Default – The failure of a breaching Party to cure its breach under this Agreement.

Distribution System – Those non-ISO-controlled transmission and distribution facilities owned by the Participating TO.

Distribution Upgrades – The additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. 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.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, ISO, Participating TO, or any Affiliate thereof.

Interconnection Facilities – The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Participating TO's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook – A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's Transmission System, as such handbook may be modified or superseded from time to time. The

Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and applicable reliability standards.

Interconnection Request – A request, in accordance with the ISO Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the ISO Controlled Grid.

ISO Controlled Grid – The system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the ISO's Operational Control.

ISO Tariff – The ISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Participating TO's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the ISO Controlled Grid to accommodate the interconnection of the Small Generating Facility with the ISO Controlled Grid. Network Upgrades do not include Distribution Upgrades.

Operational Control – The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Operating Requirements – Any operating and technical requirements that may be applicable due to the ISO, Western Electricity Coordinating Council, Control Area, or the Participating TO's requirements, including those set forth in this Agreement.

Party or Parties – The Participating TO, ISO, Interconnection Customer or the applicable combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Participating TO's Transmission System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Transmission Control Agreement – ISO FERC Electric Tariff No. 7.

Transmission System – The facilities owned and operated by the Participating TO and that have been placed under the ISO's Operational Control, which facilities form part of the ISO Controlled Grid.

Upgrades – The required additions and modifications to the Participating TO's Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Description and Costs of the Small Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Participating TO. The Participating TO will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

<u>Milestone/Date</u>	<u>Responsible Party</u>
(1) _____	_____
(2) _____	_____
(3) _____	_____
(4) _____	_____
(5) _____	_____
(6) _____	_____
(7) _____	_____
(8) _____	_____
(9) _____	_____
(10) _____	_____

Agreed to by:

For the ISO _____ Date _____

For the Participating TO _____ Date _____

For the Interconnection Customer _____ Date _____

Additional Operating Requirements for the ISO Controlled Grid and Affected Systems Needed to Support the Interconnection Customer's Needs

The Participating TO and the ISO shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the ISO Controlled Grid.

**Participating TO's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Participating TO shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Participating TO shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Attachment 7 sets forth requirements and provisions specific to a wind generating plant. All other requirements of this Agreement continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants that have either: (i) interconnection agreements signed and filed with FERC, filed with FERC in unexecuted form, or filed with FERC as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the

fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the ISO Controlled Grid. A wind generating plant shall remain interconnected during such a fault on the ISO Controlled Grid for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the ISO Controlled Grid at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this Agreement in order to maintain a specified voltage schedule, if the system impact study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and ISO. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the system impact study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Participating TO and ISO to protect system reliability. The Participating TO and ISO and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

Reliability Management System Agreement

RELIABILITY MANAGEMENT SYSTEM AGREEMENT

by and between
[TRANSMISSION OPERATOR]
and
[GENERATOR]

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT (the "Agreement"), is entered into this day of _____, 2002, by and between _____ (the "Transmission Operator") and _____ (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WSCC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WSCC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WSCC Agreement.

Party means either the Generator or the Transmission Operator and

Parties means both of the Generator and the Transmission Operator.

Reliability Management System or RMS means the contractual reliability management program implemented through the WSCC Reliability Criteria Agreement, the WSCC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WSCC operate synchronously connected transmission systems.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WSCC means the Western Systems Coordinating Council or a successor entity.

WSCC Agreement means the Western Systems Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

WSCC Reliability Criteria Agreement means the Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WSCC and certain of its member transmission operators, as such may be amended from time to time.

WSCC RMS Agreement means an agreement between the WSCC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WSCC Reliability Criteria Agreement.

WSCC Staff means those employees of the WSCC, including personnel hired by the WSCC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

3.1 Term. This Agreement shall become effective [thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable].

[Note: if the interconnection agreement is not FERC jurisdictional, replace bracketed language with: [on the later of: (a) the date of execution; or (b) the effective date of the WSCC RMS Agreement.]]

3.2 Notice of Termination of WSCC RMS Agreement. The Transmission Operator shall give the Generator notice of any notice of termination of the WSCC RMS Agreement by the WSCC or by the Transmission Operator within fifteen (15) days of receipt by the WSCC or the Transmission Operator of such notice of termination.

3.3 Termination by the Generator. The Generator may terminate this Agreement as follows:
(a) following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WSCC RMS Agreement;
(b) following the effective date of an amendment to the requirements of the WSCC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or
(c) for any reason on one year's written notice to the Transmission Operator and the WSCC.

3.4 Termination by the Transmission Operator. The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WSCC RMS Agreement.

3.5 Mutual Agreement. This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WSCC RELIABILITY CRITERIA

4.1 Compliance with Reliability Criteria. The Generator agrees to comply with the requirements of the WSCC Reliability Criteria Agreement, including the applicable WSCC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WSCC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WSCC Reliability Criteria Agreement.

4.2 Modifications to WSCC Reliability Criteria Agreement. The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WSCC of the initiation of any WSCC process to modify the WSCC Reliability Criteria Agreement. The WSCC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WSCC for modifications to reliability criteria.

4.3 Notice of Modifications to WSCC Reliability Criteria Agreement. If, following the process specified in Section 4.2, any modification to the WSCC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.

4.4 Effective Date. Any modification to the WSCC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.

4.5 Transfer of Control or Sale of Generation Facilities. In any sale or transfer of control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

5.1 Payment of Monetary Sanctions. The Generator shall be responsible for payment directly to the WSCC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

5.2 Publication. The Generator consents to the release by the WSCC of information related to the Generator's compliance with this Agreement only in accordance with the WSCC Reliability Criteria Agreement.

5.3 Reserved Rights. Nothing in the RMS or the WSCC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WSCC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WSCC: (1) any obligation or liability

whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WSCC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WSCC is a third-party beneficiary to this Agreement, and the WSCC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WSCC pursuant to this Agreement, and Generator shall not be liable to the WSCC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WSCC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing. [This section shall be omitted for agreements not subject to FERC jurisdiction.]

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

: _____

Fax: _____

: _____

Fax: _____

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WSCC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of _____ but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WSCC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be executed by their respective duly authorized officers as of the date first above written.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT C

ISO TARIFF APPENDIX Y
SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

This Small Generator Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by _____ ("Participating TO"), the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("ISO") and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or referred to collectively as the "Parties."

Participating TO Information

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

ISO Information

Attention: Phil Pettingill
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP).
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Participating TO's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the ISO Tariff.

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: February 10, 2006

Effective: Date Assigned by Commission

- 1.4 Nothing in this Agreement is intended to affect any other agreement between or among the Parties.
- 1.5 Responsibilities of the Parties
- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice. The Parties shall use the Standard Large Generator Interconnection Agreement (ISO Tariff Appendix V) to interpret the responsibilities of the Parties under this Agreement.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Participating TO shall construct, operate, and maintain its Interconnection Facilities and Upgrades in accordance with this Agreement, and with Good Utility Practice. The ISO and the Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this Agreement.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Participating TO and any Affected Systems. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook. In the event of a conflict between the terms of this Agreement and the terms of the Participating TO's Interconnection Handbook, the terms in this Agreement shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Participating TO and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the ISO Controlled Grid, the Participating TO's electric system, the Participating TO's personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Participating TO and the ISO shall coordinate with Affected Systems to support the interconnection.

- 1.5.7 The Interconnection Customer shall execute the Reliability Management System Agreement of the Western Electricity Coordinating Council prior to parallel operation of the Small Generating Facility. The Reliability Management System Agreement is provided as Attachment 8 to this Agreement.
- 1.6 Parallel Operation Obligations
Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the ISO Control Area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the ISO Tariff for the ISO Controlled Grid and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.
- 1.7 Metering
The Interconnection Customer shall comply with the provisions of the ISO Tariff regarding metering, including the Metering Protocol of the ISO Tariff, and shall be responsible for the reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Participating TO may install retail revenue quality meters and associated equipment pursuant to the Participating TO's applicable retail tariffs.
- 1.8 Reactive Power
- 1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the terminals of each generating unit at a power factor within the range of 0.95 leading to 0.90 lagging, unless the ISO has established different requirements that apply to all similarly situated generators in the ISO Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators and the requirements of Attachment 7 shall apply instead.
- 1.8.2 Payment to the Interconnection Customer for reactive power that the Small Generating Facility provides or absorbs when the ISO requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1 will be made by the ISO in accordance with the applicable provisions of the ISO Tariff.
- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Participating TO and the ISO of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection.

Testing and inspection shall occur on a Business Day. The Participating TO and the ISO may, at their own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Participating TO and the ISO a written test report when such testing and inspection is completed.

- 2.1.2 The Participating TO and the ISO shall provide the Interconnection Customer written acknowledgment that they have received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Participating TO or the ISO of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Participating TO and the ISO shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Participating TO and the ISO shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Participating TO and the ISO shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Participating TO's Transmission System without prior written authorization of the Participating TO. The Participating TO will provide such authorization to the Interconnection Customer and the ISO once the Participating TO receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Participating TO and the ISO may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Participating TO and the ISO at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Participating TO and the ISO shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the

performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Participating TO and the ISO shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ____ years from the Effective Date (term specified in individual agreements to be ten (10) years or such other longer period as the Interconnection Customer may request) and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Participating TO and the ISO 20 Business Days written notice.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the ISO Controlled Grid. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and obligations, owed or continuing at the time of termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection of the Small Generating Facility or associated Interconnection Facilities shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; (2) that, in the case of the ISO, is imminently likely (as determined in a non-

discriminatory manner) to cause a material adverse effect on the security of, or damage to, the ISO Controlled Grid or the electric systems of others to which the ISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, the Participating TO's Interconnection Facilities, Distribution System, or the electric systems of others to which the Participating TO's electric system is directly connected; or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the ISO or the Participating TO may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Participating TO or the ISO shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall notify the Participating TO and the ISO promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the ISO Controlled Grid, the Participating TO's Interconnection Facilities, or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of the Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Participating TO or the ISO may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the ISO Controlled Grid when necessary for routine maintenance, construction, and repairs on the ISO Controlled Grid or the Participating TO's electric system. The Party scheduling the interruption shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Party scheduling the interruption shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

The Interconnection Customer shall update its planned maintenance schedules in accordance with the ISO Tariff. The ISO may request the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the ISO Controlled Grid in accordance with the ISO Tariff. Such planned maintenance schedules and updates and changes to such schedules shall be provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the ISO.

3.4.3 Forced Outages

During any forced outage, the Participating TO or the ISO may suspend interconnection service to effect immediate repairs on the ISO Controlled Grid or the Participating TO's electric system. The Participating TO or the ISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Participating TO or the ISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

The Interconnection Customer shall notify ISO, as soon as practicable, of all forced outages or reductions of the Small Generating Facility in accordance with the ISO Tariff.

3.4.4 Adverse Operating Effects

The Participating TO or the ISO shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the ISO Controlled Grid, the Participating TO's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Participating TO or the ISO may disconnect the Small Generating Facility. The Participating TO or the ISO shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Participating TO and the ISO before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the ISO Controlled Grid or the Participating TO's electric system. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Participating TO's and the ISO's prior written authorization, the Participating TO or the ISO shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, the Participating TO's electric system, and the ISO Controlled Grid to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Participating TO shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, the ISO, and the Participating TO.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Participating TO's Interconnection Facilities.

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: February 10, 2006

Effective: Date Assigned by Commission

4.2 Distribution Upgrades

The Participating TO shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Participating TO shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Participating TO elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.3 Transmission Credits.

No later than thirty (30) days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the ISO and the Participating TO to receive Firm Transmission Rights as defined in and as available under the ISO Tariff at the time of the election in accordance with the ISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 5.3.1.

5.3.1 Repayment of Amounts Advanced for Network Upgrades. Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the cost of Network Upgrades. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment

of such payment. Interest shall continue to accrue on the repayment obligation so long as this Agreement is in effect. The Interconnection Customer may assign such repayment rights to any person.

If the Small Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

- 5.3.2 Special Provisions for Affected Systems. The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid, as applicable, in accordance with the SGIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System.
- 5.3.3 Rights Under Other Agreements. Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

- 6.1.1 The Participating TO shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties. Notwithstanding the foregoing, any invoices between the ISO and another Party shall be submitted and paid in accordance with the ISO Tariff.
- 6.1.2 Within six months of completing the construction and installation of the Participating TO's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Participating TO shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Participating TO for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: February 10, 2006

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aggregate payments, the Participating TO shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Participating TO within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Participating TO shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, as defined in article 7.5.1, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) request appropriate amendments to Attachment 4. The Parties affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) they will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) they have reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Participating TO's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Participating TO and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Participating TO's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Participating TO under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Participating TO, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Participating TO and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

- 7.1.1 Any Party may assign this Agreement without the consent of the other Parties to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Participating TO and the ISO of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Participating TO or the ISO, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Participating TO and the ISO of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.
- 7.2 Limitation of Liability
Each Party's liability to the other Parties for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.
- 7.3 Indemnity
- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Parties harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from another Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified Party is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this article, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, no Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing by the Party claiming Force Majeure."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Parties, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Parties informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of another Party. Upon a Default, the affected non-defaulting Party(ies) shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently

complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the affected non-defaulting Party(ies) shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Participating TO or ISO, except that the Interconnection Customer shall show proof of insurance to the Participating TO and ISO no later than ten Business Days prior to the anticipated Commercial Operation Date. If the Interconnection Customer is of sufficient credit-worthiness, it may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Participating TO agrees to maintain general liability insurance or self-insurance consistent with the Participating TO's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Participating TO's liabilities undertaken pursuant to this Agreement.
- 8.3 The ISO agrees to maintain general liability insurance or self-insurance consistent with the ISO's commercial practice. Such insurance shall not exclude coverage for the ISO's liabilities undertaken pursuant to this Agreement.
- 8.4 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to another Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Parties and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

All disputes arising out of or in connection with this Agreement whereby relief is sought by or from ISO shall be settled in accordance with the provisions of Article 13 of the ISO Tariff, except that references to the ISO Tariff in such Article 13 of the ISO Tariff shall be read as reference to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Article 13 of the ISO Tariff shall be resolved as follows:

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

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- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 12.2 Amendment
The Parties may amend this Agreement by a written instrument duly executed by all of the Parties, or under article 12.12 of this Agreement.
- 12.3 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 12.4 Waiver
- 12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Participating TO. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between or among the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of ISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day ISO Controlled Grid reliability and operational security. FERC expects the ISO, all Participating TOs, market participants, and interconnection customers interconnected to the ISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Interconnection Customer shall meet the requirements for security implemented pursuant to the ISO Tariff, including the ISO's standards for information security posted on the ISO's internet web site at the following internet address:

<http://www.caiso.com/pubinfo/info-security/index.html>.

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12.10 Environmental Releases

Each Party shall notify the other Parties, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Parties for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Parties for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Participating TO or the ISO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The ISO and Participating TO shall each have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

Introductory Paragraph, 1.1, 1.2, 1.3, 1.4, 1.5.1, 1.5.2, 1.5.3, 1.5.4, 1.5.5, 1.5.6, 1.5.7, 1.6, 1.7, 1.8.1, 1.9, 2.1, 2.2.1, 2.3, 3, 4.1.1 (last sentence only), 5.1, 5.3, 6.2, 7, 8, 9, 11, 12, 13, Attachment 1, Attachment 4, Attachment 5, Attachment 7, and Attachment 8.

The Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this

Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

2.2.2, 4.1.1 (all but the last sentence), 4.1.2, 4.2, 5.2, 6.1.1 (all but the last sentence), 6.1.2, 6.3, 10 (all but preamble), Attachment 2, Attachment 3 and Attachment 6.

The ISO shall have the exclusive right to make a unilateral filing with FERC to modify this Agreement pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following articles of this Agreement and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these articles:

1.8.2, 6.1.1 (last sentence only) and 10 (preamble only).

The Interconnection Customer, the ISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise mutually agree as provided herein.

12.13 Joint and Several Obligations

Except as otherwise provided in this Agreement, the obligations of the ISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Participating TO:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

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If to the ISO:
California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by any Party to the other Parties and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Participating TO:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the ISO:

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Participating TO's Operating Representative:

Participating TO: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

ISO's Operating Representative

California Independent System Operator
Attention: _____
151 Blue Ravine Road
Folsom, CA 95630
Phone: 916-351-4400 Fax: _____

13.5 Changes to the Notice Information

Any Party may change this information by giving five Business Days written notice to the other Parties prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the California Independent System Operator

Name: _____

Title: _____

Date: _____

For the Participating TO

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1

Glossary of Terms

Affected System – An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the ISO Controlled Grid.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

Commercial Operation Date – The date on which a Small Generating Facility commenced generating electricity for sale as agreed upon by the Participating TO and the Interconnection Customer.

Control Area – An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the applicable reliability council.

Default – The failure of a breaching Party to cure its breach under this Agreement.

Distribution System – Those non-ISO-controlled transmission and distribution facilities owned by the Participating TO.

Distribution Upgrades – The additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. 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.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, ISO, Participating TO, or any Affiliate thereof.

Interconnection Facilities – The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Participating TO's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook – A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's

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Transmission System, as such handbook may be modified or superseded from time to time. The Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and applicable reliability standards.

Interconnection Request – A request, in accordance with the ISO Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the ISO Controlled Grid.

ISO Controlled Grid – The system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the ISO's Operational Control.

ISO Tariff – The ISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Participating TO's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the ISO Controlled Grid to accommodate the interconnection of the Small Generating Facility with the ISO Controlled Grid. Network Upgrades do not include Distribution Upgrades.

Operational Control – The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Operating Requirements – Any operating and technical requirements that may be applicable due to the ISO, Western Electricity Coordinating Council, Control Area, or the Participating TO's requirements, including those set forth in this Agreement.

Party or Parties – The Participating TO, ISO, Interconnection Customer or the applicable combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Participating TO's Transmission System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Transmission Control Agreement – ISO FERC Electric Tariff No. 7.

Transmission System – The facilities owned and operated by the Participating TO and that have been placed under the ISO's Operational Control, which facilities form part of the ISO Controlled Grid.

Upgrades – The required additions and modifications to the Participating TO's Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

**Description and Costs of the Small Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Participating TO. The Participating TO will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Attachment 3

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

Attachment 4

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the ISO_ _____ Date_____

For the Participating TO_____ Date_____

For the Interconnection Customer _____ Date_____

Attachment 5

Additional Operating Requirements for the ISO Controlled Grid and Affected Systems Needed to Support the Interconnection Customer's Needs

The Participating TO and the ISO shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the ISO Controlled Grid.

Attachment 6

**Participating TO's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Participating TO shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Participating TO shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Attachment 7 sets forth requirements and provisions specific to a wind generating plant. All other requirements of this Agreement continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants that have either: (i) interconnection agreements signed and filed with FERC, filed with FERC in unexecuted form, or filed with FERC as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with

delayed clearing, and subsequent post-fault voltage recovery to pre-fault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the ISO Controlled Grid. A wind generating plant shall remain interconnected during such a fault on the ISO Controlled Grid for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the ISO Controlled Grid at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this Agreement in order to maintain a specified voltage schedule, if the system impact study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and ISO. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the system impact study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Participating TO and ISO to protect system reliability. The Participating TO and ISO and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

Reliability Management System Agreement

**RELIABILITY MANAGEMENT SYSTEM AGREEMENT
by and between
[TRANSMISSION OPERATOR]
and
[GENERATOR]**

THIS RELIABILITY MANAGEMENT SYSTEM AGREEMENT (the "Agreement"), is entered into this ____ day of _____, 2002, by and between _____ (the "Transmission Operator") and _____ (the "Generator").

WHEREAS, there is a need to maintain the reliability of the interconnected electric systems encompassed by the WSCC in a restructured and competitive electric utility industry;

WHEREAS, with the transition of the electric industry to a more competitive structure, it is desirable to have a uniform set of electric system operating rules within the Western Interconnection, applicable in a fair, comparable and non-discriminatory manner, with which all market participants comply; and

WHEREAS, the members of the WSCC, including the Transmission Operator, have determined that a contractual Reliability Management System provides a reasonable, currently available means of maintaining such reliability.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transmission Operator and the Generator agree as follows:

1. PURPOSE OF AGREEMENT

The purpose of this Agreement is to maintain the reliable operation of the Western Interconnection through the Generator's commitment to comply with certain reliability standards.

2. DEFINITIONS

In addition to terms defined in the beginning of this Agreement and in the Recitals hereto, for purposes of this Agreement the following terms shall have the meanings set forth beside them below.

Control Area means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Western Interconnection.

FERC means the Federal Energy Regulatory Commission or a successor agency.

Member means any party to the WSCC Agreement.

Party means either the Generator or the Transmission Operator and

Parties means both of the Generator and the Transmission Operator.

Reliability Management System or **RMS** means the contractual reliability management program implemented through the WSCC Reliability Criteria Agreement, the WSCC RMS Agreement, this Agreement, and any similar contractual arrangement.

Western Interconnection means the area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WSCC operate synchronously connected transmission systems.

Working Day means Monday through Friday except for recognized legal holidays in the state in which any notice is received pursuant to Section 8.

WSCC means the Western Systems Coordinating Council or a successor entity.

WSCC Agreement means the Western Systems Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

WSCC Reliability Criteria Agreement means the Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WSCC and certain of its member transmission operators, as such may be amended from time to time.

WSCC RMS Agreement means an agreement between the WSCC and the Transmission Operator requiring the Transmission Operator to comply with the reliability criteria contained in the WSCC Reliability Criteria Agreement.

WSCC Staff means those employees of the WSCC, including personnel hired by the WSCC on a contract basis, designated as responsible for the administration of the RMS.

3. TERM AND TERMINATION

3.1 Term. This Agreement shall become effective [thirty (30) days after the date of issuance of a final FERC order accepting this Agreement for filing without requiring any changes to this Agreement unacceptable to either Party. Required changes to this Agreement shall be deemed unacceptable to a Party only if that Party provides notice to the other Party within fifteen (15) days of issuance of the applicable FERC order that such order is unacceptable].

[Note: if the interconnection agreement is not FERC jurisdictional, replace bracketed language with: [on the later of: (a) the date of execution; or (b) the effective date of the WSCC RMS Agreement.]]

3.2 Notice of Termination of WSCC RMS Agreement. The Transmission Operator shall give the Generator notice of any notice of termination of the WSCC RMS Agreement by the WSCC or by the Transmission Operator within fifteen (15) days of receipt by the WSCC or the Transmission Operator of such notice of termination.

3.3 Termination by the Generator. The Generator may terminate this Agreement as follows:
(a) following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within forty-five (45) days of the termination of the WSCC RMS Agreement;
(b) following the effective date of an amendment to the requirements of the WSCC Reliability Criteria Agreement that adversely affects the Generator, provided notice of such termination is given within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Generator for an additional forty-five (45) days if the Generator gives written notice to the Transmission Operator of such requested extension within the initial forty-five (45) day period; or
(c) for any reason on one year's written notice to the Transmission Operator and the WSCC.

3.4 Termination by the Transmission Operator. The Transmission Operator may terminate this Agreement on thirty (30) days' written notice following the termination of the WSCC RMS Agreement for any reason by the WSCC or by the Transmission Operator, provided such notice is provided within thirty (30) days of the termination of the WSCC RMS Agreement.

3.5 Mutual Agreement. This Agreement may be terminated at any time by the mutual agreement of the Transmission Operator and the Generator.

4. COMPLIANCE WITH AND AMENDMENT OF WSCC RELIABILITY CRITERIA

4.1 Compliance with Reliability Criteria. The Generator agrees to comply with the requirements of the WSCC Reliability Criteria Agreement, including the applicable WSCC reliability criteria contained in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Each and all of the provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein, and the Generator shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WSCC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WSCC Reliability Criteria Agreement.

4.2 Modifications to WSCC Reliability Criteria Agreement. The Transmission Operator shall notify the Generator within fifteen (15) days of the receipt of notice from the WSCC of the initiation of any WSCC process to modify the WSCC Reliability Criteria Agreement. The WSCC RMS Agreement specifies that such process shall comply with the procedures, rules, and regulations then applicable to the WSCC for modifications to reliability criteria.

4.3 Notice of Modifications to WSCC Reliability Criteria Agreement. If, following the process specified in Section 4.2, any modification to the WSCC Reliability Criteria Agreement is to take effect, the Transmission Operator shall provide notice to the Generator at least forty-five (45) days before such modification is scheduled to take effect.

4.4 Effective Date. Any modification to the WSCC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.

4.5 Transfer of Control or Sale of Generation Facilities. In any sale or transfer of control of any generation facilities subject to this Agreement, the Generator shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Generator with respect to this Agreement or to enter into an agreement with the Control Area Operator in substantially the form of this Agreement.

5. SANCTIONS

5.1 Payment of Monetary Sanctions. The Generator shall be responsible for payment directly to the WSCC of any monetary sanction assessed against the Generator pursuant to this Agreement and the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

5.2 Publication. The Generator consents to the release by the WSCC of information related to the Generator's compliance with this Agreement only in accordance with the WSCC Reliability Criteria Agreement.

5.3 Reserved Rights. Nothing in the RMS or the WSCC Reliability Criteria Agreement shall affect the right of the Transmission Operator, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the Transmission Operator may otherwise be entitled to take.

6. THIRD PARTIES

Except for the rights and obligations between the WSCC and Generator specified in Sections 4 and 5, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WSCC: (1) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (2) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary with respect to Sections 4 and 5, of the WSCC against Generator, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Transmission Operator and Generator expressly intend that the WSCC is a third-party beneficiary to this Agreement, and the WSCC shall have the right to seek to enforce against Generator any provisions of Sections 4 and 5, provided that specific performance shall be the sole remedy available to the WSCC pursuant to this Agreement, and Generator shall not be liable to the WSCC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WSCC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.

7. REGULATORY APPROVALS

This Agreement shall be filed with FERC by the Transmission Operator under Section 205 of the Federal Power Act. In such filing, the Transmission Operator shall request that FERC accept this Agreement for filing without modification to become effective on the day after the date of a FERC order accepting this Agreement for filing. [This section shall be omitted for agreements not subject to FERC jurisdiction.]

8. NOTICES

Any notice, demand or request required or authorized by this Agreement to be given in writing to a Party shall be delivered by hand, courier or overnight delivery service, mailed by certified mail (return receipt requested) postage prepaid, faxed, or delivered by mutually agreed electronic means to such Party at the following address:

_____: _____

Fax: _____

_____: _____

Fax: _____

The designation of such person and/or address may be changed at any time by either Party upon receipt by the other of written notice. Such a notice served by mail shall be effective upon receipt. Notice transmitted by facsimile shall be effective upon receipt if received prior to 5:00 p.m. on a Working Day, and if not received prior to 5:00 p.m. on a Working Day, receipt shall be effective on the next Working Day.

9. APPLICABILITY

This Agreement (including all appendices hereto and, by reference, the WSCC Reliability Criteria Agreement) constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors.

10. AMENDMENT

No amendment of all or any part of this Agreement shall be valid unless it is reduced to writing and signed by both Parties hereto. The terms and conditions herein specified shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent the agreement of the Parties.

11. INTERPRETATION

Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by, the laws of the State of _____ but without giving effect to the provisions thereof relating to conflicts of law. Article and section headings are for convenience only and shall not affect the interpretation of this Agreement. References to articles, sections and appendices are, unless the context otherwise requires, references to articles, sections and appendices of this Agreement.

12. PROHIBITION ON ASSIGNMENT

This Agreement may not be assigned by either Party without the consent of the other Party, which consent shall not be unreasonably withheld; provided that the Generator may without the consent of the WSCC assign the obligations of the Generator pursuant to this Agreement to a transferee with respect to any obligations assumed by the transferee by virtue of Section 4.5 of this Agreement.

13. SEVERABILITY

If one or more provisions herein shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

14. COUNTERPARTS

This Agreement may be executed in counterparts and each shall have the same force and effect as an original.

IN WITNESS WHEREOF, the Transmission Operator and the Generator have each caused this Reliability Management System Agreement to be executed by their respective duly authorized officers as of the date first above written.

By: _____
Name:
Title:

By: _____
Name:
Title: