

July 11, 2013

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

**Re: California Independent System Operator Corporation  
Docket No. ER13-1274  
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) submits this filing in compliance with the Federal Energy Regulatory Commission's June 11, 2013 order conditionally accepting in part and rejecting in part tariff revisions in the above-referenced proceeding.<sup>1</sup> The Commission's Tariff Clarifications Order conditionally accepts the majority of the ISO's proposed tariff revisions, which were intended to clarify the meaning of existing tariff provisions, ensure consistency throughout the tariff as well as between the tariff and business practices, and correct typographical and other inadvertent errors. The Commission, however, directed the ISO to make a further compliance filing to address revisions the ISO agreed to make in response to comments as well as to address proposed revisions the Commission rejected.

## **I. Background**

On April 12, 2013, the ISO submitted its tariff clarification filing, similar to other previous "clean up" amendments the ISO has filed with the Commission. Several parties filed responsive pleadings<sup>2</sup> and the ISO submitted an answer to

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<sup>1</sup> *California Indep. System Operator Corp.*, 143 FERC ¶ 61,228 (June 2013) (Tariff Clarifications Order). The ISO submits this filing in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

<sup>2</sup> The following entities filed motions to intervene: Powerex Corp.; the Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California (Six Cities); NRG Companies (NRG), the City of Santa Clara (Santa Clara); the California Department of Water Resources (CDWR); the Northern California Power Agency; Modesto Irrigation District; the Cogeneration Association of California & the Energy Producers & Users Coalition; Pacific Gas and Electric Company; Southern California Edison (SCE) and Trans Bay Cable LLC. NRG, SCE and Santa Clara filed comments. Six Cities filed a Protest.

these pleadings on May 14, 2013. On June 11, 2013, the Commission issued its Tariff Clarifications Order, directing the ISO to submit a compliance filing within 30 days to address the following matters:

- In response to comments of Santa Clara, modify section 8.9.11 of the tariff to replace the reference to *Generating Unit, Load, or System Resource* with a generic reference to the term *resources*, consistent with section 8.9.10 of the tariff. In its May 14, 2013 answer, the ISO agreed to make this change as part of a compliance filing.<sup>3</sup>
- Justify proposed revisions to tariff section 34.8 that would state that the ISO may adjust the dispatch of spinning and non-spinning reserve as necessary, including not dispatching spinning and non-spinning reserve, to address forecasted conditions in subsequent intervals within the forward-looking time period of the optimization as well as to address transmission or resource operational constraints. The Commission rejected this change without prejudice, but stated that if the ISO “wishes to provide additional information to support the proposed modification to section 34.8 and have that information considered in this proceeding, as opposed to seeking such consideration in a subsequent section 205 filing, it must do so within 30 days of the date of this order.”<sup>4</sup>
- Modify the proposed revision to section L.4.3.1 of Appendix L in which the ISO proposed to use the phrase “most limiting credible contingency” in the description of total transfer capability to instead use the phrase “following contingencies consistent with requirements of the NERC Reliability Standards.”<sup>5</sup>
- Correct minor typographical and other errors, including modifications to section 40.4.6.2.1 concerning steps to request assignment of available import capability at the ISO’s interties for resource adequacy purposes. In its May 14, 2013 answer, the ISO agreed to make these changes on compliance.<sup>6</sup>

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<sup>3</sup> Tariff Clarifications Order at PP 21-24.

<sup>4</sup> *Id.* at PP 25-26.

<sup>5</sup> *Id.* at PP 27-28.

<sup>6</sup> *Id.* at PP 29-30.

## II. Proposed Tariff Modifications on Compliance

Pursuant to the Commission's Tariff Clarifications Order, the ISO submits the following additional changes to its tariff.<sup>7</sup>

In section 8.9.11, the ISO proposes to replace the reference to *Generating Unit, Load, or System Resource* with a generic reference to the term *resources*, consistent with section 8.9.10 of the tariff.<sup>8</sup>

In Section 40.4.6.2.1, the ISO proposes to add language to step 12 of the process for accepting requests for unassigned available import capability to state that the ISO will issue a market notice as to when it will accept requests for unassigned available import capability following the completion of step 12.<sup>9</sup>

In Appendix A, the ISO proposes to modify the reference to "Recalculation Settlement Statement 12B" in the definition of "Recalculation Settlement Statement" to read "Recalculation Settlement Statement T+12B," include a reference to Recalculation Settlement Statement T+9M in the definition of "Recalculation Settlement Statement T+36M," and include a reference to Initial Settlement Statement T+3B in the definition of "Settlement Statement."<sup>10</sup> The ISO also proposes to revise the definition of "Settlement Statement" to include a reference to unscheduled reissue recalculation settlement statement, which the ISO may issue pursuant to section 11.29.7.3.1 of the tariff.<sup>11</sup>

In section L.4.3.1 of Appendix L, the ISO proposes to revise language to use the phrase "following contingencies consistent with requirements of the NERC Reliability Standards" in the description of total transfer capability.<sup>12</sup>

In Article 3.4.3 of Appendices T and FF, the ISO proposes to make the words *Interconnection Service* lower case.<sup>13</sup>

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<sup>7</sup> The ISO has submitted clean tariff sheets to the Commission's Electronic Tariff filing system with this compliance filing.

<sup>8</sup> Tariff Clarifications Order at PP 21-24.

<sup>9</sup> Tariff Clarifications Order at PP 29-30. See also Protest of Six Cities at 4-5 and ISO Answer to Comments at 13.

<sup>10</sup> Protest of Six Cities at 6 and ISO Answer to Comments at 13-14.

<sup>11</sup> ISO Answer to Comments at 14.

<sup>12</sup> Tariff Clarifications Order at PP 27-28.

<sup>13</sup> Tariff Clarifications Order at PP 29-30. See also Comments of SCE at 3-4 and ISO Answer to Comments at 10.

In Article 5.3.1.4 of Appendices T and FF, the ISO proposes to make the words *Generating Facility* lower case.<sup>14</sup>

In Attachment 1 to Appendices T and FF, the ISO proposes to reorder the defined terms “CAISO Controlled Grid” and “CAISO Tariff” in the glossary of terms so they appear in alphabetical order ahead of the term “Commercial Operation Date.”<sup>15</sup>

In Attachment 1 of Appendices T and FF, the ISO proposes to eliminate the proposed addition of a defined term for “Generating Facility” in the glossary.<sup>16</sup>

In Appendices CC and EE of the ISO tariff, the ISO proposes to add Articles 11.4.1.1 – 11.4.1.4 to the table of contents.<sup>17</sup>

In Article 1 of Appendices CC and EE, as part of the definition of *Interconnection Study*, the ISO proposes to change the term *Facilities Study* to lower case.<sup>18</sup>

In Articles 5.16 and 11.4.1.4 of Appendices CC and EE, change the term “Generating Facility” to lower case.<sup>19</sup>

In Attachment 1 to Appendix FF, the ISO proposes to delete one instance of the defined terms “CAISO Controlled Grid” and “CAISO Tariff,” which appear twice.<sup>20</sup>

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<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Tariff Clarifications Order at PP 29-30. See also Comments of SCE at 3-4 and ISO Answer to Comments at 10-11.

<sup>17</sup> Tariff Clarifications Order at PP 29-30. See also Comments of SCE at 4 and ISO Answer to Comments at 11.

<sup>18</sup> *Id.*

<sup>19</sup> Tariff Clarifications Order at PP 29-30. See also Comments of SCE at 4 and ISO Answer to Comments at 11-12.

<sup>20</sup> Tariff Clarifications Order at PP 29-30. See also Comments of Santa Clara at 3-4 and ISO Answer to Comments at 12-13.

**III. The ISO's existing practice to hold-back operating reserves helps ensure compliance with reliability standards.**

In its April 12, 2013 transmittal, the ISO proposed to amend section 34.8 to state explicitly that the ISO may adjust the dispatch of spinning and non-spinning reserve as necessary, including not dispatching spinning and non-spinning reserve, to address forecasted conditions in subsequent intervals within the forward-looking time period of the optimization as well as to address transmission or resource operational constraints.<sup>21</sup> As part of its Tariff Clarifications Order, the Commission stated that although potentially reasonable, the ISO's explanation of its proposed modification to section 34.8 did not provide the Commission with sufficient information to approve the change.<sup>22</sup> The Commission directed that the ISO would need to explain the cost impact of implementing this proposed change on ratepayers, under what specific conditions it proposes to adjust the dispatch of spinning and non-spinning reserves, and the specific manner in which the ISO will accomplish this adjustment.

In its April 12, 2013 transmittal letter, the ISO explained that its proposed tariff language was consistent with current operating practices but omitted an explanation of how and when the ISO undertakes adjustments to the dispatch of operating reserves. Currently, the ISO holds-back or protects non-contingent operating reserves from the real-time co-optimization of ancillary services and energy bids in order to ensure sufficient operating reserves are available to meet the minimum level of required operating reserves.<sup>23</sup> The ISO implements this practice in order to ensure that ancillary services needed to meet reliability requirements are not economically dispatched in one interval and then continue to be dispatched as energy in subsequent intervals when they are again needed as operating reserves.

By holding back non-contingent reserves from the real-time optimization, the ISO effectively converts non-contingent operating reserves into contingency reserves. In the event of a contingency, the ISO will flag all ancillary services as available for dispatch. In its transmittal, the ISO omitted reference to existing tariff language in section 34.8 that states: "The CAISO may designate any reserve not previously identified as Contingency Only by Scheduling Coordinators as Contingency Only reserves, as necessary to maintain NERC and WECC reliability standards . . . ." Based on this existing tariff language the ISO believes it has sufficient tariff authority to implement its current operating

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<sup>21</sup> ISO April 12, 2013 transmittal at 8.

<sup>22</sup> Tariff Clarification Order at P26.

<sup>23</sup> See *generally* North American Electric Reliability Standard BAL-002-1 - Disturbance Control Performance, Requirement 3; Western Electricity Coordinating Council Reliability Standard BAL-STD-002-0 - Operating Reserves. Requirement, Section B - Requirements.

practice and, therefore, will not resubmit additional clarifying language to tariff section 34.8 at this time. To the extent the ISO needs to clarify its tariff authority relating to the dispatch of ancillary services in the future, it will do so through a separate filing under Section 205 of the Federal Power Act.

#### **IV. Attachments**

The following attachments, in addition to this transmittal letter, support the instant filing:

Attachment A	Revised ISO tariff sheets that incorporate the proposed changes described above
Attachment B	The proposed changes to the ISO tariff shown in black-line format

#### **VI. Conclusion**

The ISO requests that the Commission accept this filing as complying with the directives of the Commission's Tariff Clarifications Order. Please contact the undersigned if you have any questions regarding this matter.

Respectfully submitted,

**By: /s/ Andrew Ulmer**

Nancy Saracino  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel - Regulatory  
Andrew Ulmer  
Director, Federal Regulatory Affairs  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (202) 239-3947  
Fax: (916) 608-7222  
[aulmer@caiso.com](mailto:aulmer@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

**Attachment A - Clean**

**Tariff Clarifications Compliance**

**California Independent System Operator Corporation**

**July 11, 2013**

#### **8.9.11 Performance Audit For Non-Spinning Reserve**

The CAISO will audit the performance of a resource providing Non-Spinning Reserve by auditing its response to Dispatch Instructions, and by analysis of telemetry data associated with the resource. Such audits may not necessarily occur on the hour. A resource providing Non-Spinning Reserve shall be evaluated on its ability to respond to a Dispatch Instruction, move in accordance with the time delay and MW/minute capability stated in its Bid, and reach the amount of Non-Spinning Reserve capacity under the control of the CAISO scheduled for the current Settlement Period within ten (10) minutes of issue of the Dispatch Instruction by the CAISO. For a Multi-Stage Generating Resource the range of Non-Spinning capacity evaluated is the range for the applicable MSG Configuration.

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#### **40.4.6.2.1 Available Import Capability Assignment Process**

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Load Serving Entities serving Load in the CAISO Balancing Authority Area and other Market Participants through their respective Scheduling Coordinators, as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for Resource Adequacy Compliance Year 2008 through April 2009.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of- Balancing Authority Area LSEs: For each Intertie, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each Intertie the import capability on each Intertie associated with (i) Existing Contracts and (ii) Transmission Ownership Rights

held by load serving entities that do not serve Load within the CAISO Balancing Authority Area. The remaining sum of all Intertie Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the CAISO Balancing Authority Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by CAISO Balancing Authority Area LSEs: From the Available Import Capability remaining on each Intertie after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the CAISO Balancing Authority Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area Pre-RA Import Commitment Capability on a particular Intertie based on Pre-RA Import Commitments in effect (where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the Resource Adequacy Compliance Year for which the Available Import Capability assignment is being performed. The Pre-RA Import Commitment will be assigned to the Intertie selected by the Load Serving Entity during the Resource Adequacy Compliance Year 2007 import capability assignment process, which was required to be based on the Intertie upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the Resource Adequacy Compliance Year 2007 import capability assignment process, the primary Intertie upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the Resource Adequacy Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the Intertie upon which the Pre-RA

Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capability assignment processes. If a Pre-RA Import Commitment submitted on behalf of a LSE with Existing Contract Import Capability is assigned under this Section to the same Intertie on which the LSE holds Existing Contract Import Capability, the Pre-RA Import Commitment will be assumed to deliver over the Existing Contract Import Capability until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the Resource Adequacy Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import Capability of the Intertie, such that the MW represented in all Pre-RA Import Commitments utilizing the Intertie exceed the Intertie's Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular Intertie. To the extent this initial assignment of Pre-RA Import Commitment Capability has not fully assigned the Available Import Capability of the particular over requested Intertie, the remaining Available Import Capability on the over requested Intertie will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the CAISO Balancing Authority Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. Only the MW quantity of any

Pre-RA Import Commitment Capability assigned to Existing Contract Import Capability under Step 4 that exceeds the Existing Contract Import Capability on the particular Intertie will be counted for purposes of this Step 5. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific Intertie.

Step 6: CAISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the CAISO will post to the CAISO Website, in accordance with the schedule set forth in the Business Practice Manual the following information:

- (a) The Total Import Capability;
- (b) The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each Intertie, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the CAISO Balancing Authority Area and those held by load serving entities outside the CAISO Balancing Authority Area;
- (c) The aggregate quantity in MW, and identity of the holders, of Pre-RA Import Commitments assigned to each Intertie; and
- (d) The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the Interties with Available Import Capability, and the MW quantity of Available Import Capability on each such Intertie.

Step 7: CAISO Notification of LSE Assignment Information: Following the completion of Step 5, in accordance with the schedule set forth in the Business Practice Manual, the CAISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- (a) The Load Serving Entity's Import Capability Load Share;
- (b) The Load Serving Entity's Load Share Quantity; and

- (c) The amount of, and Intertie on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- (d) The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: In accordance with the schedule set forth in the Business Practice Manual, a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Load Serving Entity or Market Participant. The CAISO will accept transfers among LSEs and Market Participants only to the extent such transfers are reported to the CAISO, in accordance with the schedule set forth in the Business Practice Manual and through the CAISO's Import Capability Transfer Registration Process, by the entity receiving the Remaining Import Capability who must set forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to the CAISO Website by August 8, 2007 for Resource Adequacy Compliance Year 2008 and for subsequent Resource Adequacy Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: In accordance with the schedule set forth in the Business Practice Manual, the Scheduling Coordinator for each Load Serving Entity or Market Participant shall notify the CAISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available Intertie. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The CAISO will honor the requests to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests for Remaining Import Capability on that Intertie will be assigned based on each Load Serving Entity's Import Capability Load Share Ratio in the same manner as set forth in Step 4. A Market Participant without an Import Capability Load Share will be assigned the Import

Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: CAISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 9;
- (b) Publish on the CAISO Website aggregate unassigned Available Import Capability, if any, the identity of the Interties with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity or Market Participant that Step 10 is complete and to specify the time at which the ISO will begin accepting requests for the Remaining Import Capability for Step 11.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, in accordance with the schedule set forth in the Business Practice Manual, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the CAISO of their requests to assign any Remaining Import Capability on a MW per available Intertie basis. Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the ISO. The CAISO will honor the timely requests received to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests on that Intertie will be assigned based on each Load Serving Entity or Market Participant's Import Capability Load Share Ratio, as used in Steps 4 and 9.

Step 12: Notification of Secondary Remaining Import Capability Assignments and

Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 11;
- (b) Publish on the CAISO Website unassigned aggregate Available Import Capability, if any, the identity of the Interties with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity or Market Participant that Step 12 is complete and to specify the time at which the ISO will begin accepting requests for the Balance of Year Unassigned Available Import Capability for Step 13.

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities or Market Participants may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the ISO. Each request must include the identity of Load Serving Entity or Market Participant on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity or other Market Participant. The CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year; however,

any notification by the CAISO of acceptance of the request in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the acceptance. The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability.

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## **Appendix A**

### **Master Definition Supplement**

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**- Recalculation Settlement Statement**

The recalculation of a Settlement Statement in accordance with the provisions of the CAISO Tariff, which includes the Recalculation Settlement Statement T+12B, Recalculation Settlement Statement T+55B, the Recalculation Settlement Statement T+9M, the Recalculation Settlement Statement T+18M, the Recalculation Settlement Statement T+35M, the Recalculation Settlement Statement T+36M or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

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#### **- Recalculation Settlement Statement T+36M**

The reissue of a Recalculation Settlement Statement T+55B, a Recalculation Settlement Statement T+9M, a Recalculation Settlement Statement T+18M or a Recalculation Settlement Statement T+35M by the CAISO thirty-six (36) calendar months after Trading Day (T+36M) on the seven hundred and fifty-ninth (759th) Business Day from the relevant Trading Day (T+36M).

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#### **- Settlement Statement**

Any one of the following: Initial Settlement Statement T+3B, Recalculation Settlement Statement T+12B, Recalculation Settlement Statement T+55B, Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, Unscheduled Reissue Recalculation Settlement Statement, or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

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### **Appendix L Method To Assess Available Transfer Capability**

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**L.4.3.1 System Limits** – The transfer capability of the transmission network may be limited by the physical and electrical characteristics of the systems including thermal, voltage, and stability consideration. Once the critical Contingencies are identified, their impact on the network must be evaluated to determine the most restrictive of those limitations. Therefore, the TTC becomes:

TTC = lesser of {Thermal Limit, Voltage Limit, Stability Limit} following contingencies consistent with requirements of the NERC Reliability Standards

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## Appendix T

### Small Generator Interconnection Agreement

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#### 3.4.3 Forced Outages

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

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#### 5.3.1.4 Failure to Achieve Commercial Operation

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.

\* \* \*

## Attachment 1

### Glossary of Terms

\* \* \*

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

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

**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 and in accordance with any implementation plan agreed to by the Participating TO and

the CAISO for multiple individual generating units or project phases at a Small Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those generating units or project phases.

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

**Distribution System** – Those non-CAISO-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.

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## CAISO TARIFF APPENDIX CC

### Large Generator Interconnection Agreement

#### for Interconnection Requests in a Queue Cluster Window

that are tendered a Large Generator Interconnection Agreement on or after July 3, 2010

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## TABLE OF CONTENTS

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### ARTICLE 11. PERFORMANCE OBLIGATION

- 11.1 Interconnection Customer's Interconnection Facilities
- 11.2 Participating TO's Interconnection Facilities
- 11.3 Network Upgrades and Distribution Upgrades
- 11.4 Transmission Credits
  - 11.4.1 Repayment of Amounts Advanced for Network Upgrades
    - 11.4.1.1 [Not Used]
    - 11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities
    - 11.4.1.3 Interest Payments and Assignment Rights
    - 11.4.1.4 Failure to Achieve Commercial Operation
  - 11.4.2 Special Provisions for Affected Systems
  - 11.4.3
- 11.5 Provision of Interconnection Financial Security
  - 11.5.1
- 11.6 Interconnection Customer Compensation
  - 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition

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### ARTICLE 1. DEFINITIONS

\* \* \*

**Interconnection Study** shall mean

- (i) For Interconnection Requests processed under the cluster study process described in the Generator Interconnection Procedures, either of the following studies: the Phase I Interconnection Study or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures;
- (ii) For Interconnection Requests processed under the Independent Study Process described in the Generator Interconnection Procedures, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures, which shall consist primarily of a facilities study as described in Section 4.5 of the GIP or a system impact study as described in Section 4.4 of the GIP.

\* \* \*

## **ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

\* \* \*

- 5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple generating facilities, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

Network Upgrades common to multiple generating facilities, and to which the Interconnection Customer's right of suspension shall not extend, consist of Network Upgrades identified for:

- (i) generating facilities which are the subject of all Interconnection Requests made prior to the Interconnection Customer's Interconnection Request;
- (ii) generating facilities which are the subject of Interconnection Requests within the Interconnection Customer's queue cluster; and
- (iii) generating facilities that are the subject of Interconnection Requests that were made after the Interconnection Customer's Interconnection Request but no later than the date on which the Interconnection Customer's Phase II Interconnection Study Report is issued, and have been modeled in the Base Case at the time the Interconnection Customer seeks to exercise its suspension rights under this Article.

\* \* \*

## **ARTICLE 11. PERFORMANCE OBLIGATION**

\* \* \*

### **11.4.1.4 Failure to Achieve Commercial Operation**

If the Large Generating Facility fails to achieve Commercial Operation, but it or another 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 and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

\* \* \*

### **Appendix EE**

#### **Large Generator Interconnection Agreement**

#### **for Interconnection Requests Processed under the Generator Interconnection and Deliverability Allocation Procedures (Appendix CC of the CAISO Tariff)**

\* \* \*

## **ARTICLE 11. PERFORMANCE OBLIGATION**

- 11.1 Interconnection Customer's Interconnection Facilities
- 11.2 Participating TO's Interconnection Facilities
- 11.3 Network Upgrades and Distribution Upgrades
- 11.4 Transmission Credits
  - 11.4.1 Repayment of Amounts Advanced for Network Upgrades
    - 11.4.1.1 Repayment Amounts Advanced Regarding Non-Phased Generating Facilities
    - 11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities
    - 11.4.1.3 Interest Payments and Assignment Rights
    - 11.4.1.4 Failure to Achieve Commercial Operation
  - 11.4.2 Special Provisions for Affected Systems
  - 11.4.3
  - 11.4.4 Compensation for Customer Funded Upgrades Utilized by Subsequent Interconnection Customers
- 11.5 Provision of Interconnection Financial Security
  - 11.5.1
- 11.6 Interconnection Customer Compensation
  - 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition

\* \* \*

### **Article 1. Definitions**

\* \* \*

**Interconnection Study** shall mean

- (i) For Interconnection Requests processed under the cluster study process described in the GIDAP, any of the following: the Phase I Interconnection Study conducted or caused to be performed by the CAISO, the reassessment of the Phase I Interconnection Study Base Case conducted or caused to be performed by the CAISO prior to the commencement of the Phase II Interconnection Study, or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, pursuant to the GIDAP.
- (ii) For Interconnection Requests processed under the Independent Study Process described in the GIDAP, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the GIDAP, which shall consist primarily of a facilities study as described in Section 4.5 of the GIDAP or a system impact study as described in Section 4.4 of the GIDAP.

\* \* \*

## **ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

\* \* \*

**5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple generating facilities, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

Network Upgrades common to multiple generating facilities, and to which the Interconnection Customer's right of suspension shall not extend, consist of Network Upgrades identified for:

- (i) generating facilities which are the subject of all Interconnection Requests made prior to the Interconnection Customer's Interconnection Request;
- (ii) generating facilities which are the subject of Interconnection Requests within the Interconnection Customer's queue cluster; and
- (iii) generating facilities that are the subject of Interconnection Requests that were made after the Interconnection Customer's Interconnection Request but no later than the date on which the Interconnection Customer's Phase II Interconnection Study Report is issued, and have

been modeled in the Base Case at the time the Interconnection Customer seeks to exercise its suspension rights under this Article.

The Participating TO shall invoice the Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested the Participating TO to recommence the work or has not itself recommenced work required under this LGIA in time to ensure that the new projected Commercial Operation Date for the full Generating Facility Capacity of the Large Generating Facility is no more than three (3) years from the Commercial Operation Date identified in Appendix B hereto, this LGIA shall be deemed terminated and the Interconnection Customer's responsibility for costs will be determined in accordance with Article 2.4 of this LGIA. The suspension period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the CAISO, if no effective date is specified.

\* \* \*

## **Article 11. Performance Obligation**

\* \* \*

### **11.4.1.4 Failure to Achieve Commercial Operation**

If the Large 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 and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

\* \* \*

## **Appendix FF**

### **Small Generator Interconnection Agreement for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD to the CAISO Tariff)**

\* \* \*

## **Article 3. Effective Date, Term, Termination, And Disconnection**

\* \* \*

### **3.4.3 Forced Outages**

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

\* \* \*

#### 5.3.1.4 Failure to Achieve Commercial Operation

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.

\* \* \*

### **Attachment 1**

#### **Glossary Of Terms**

\* \* \*

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

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

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

**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 and in accordance with any implementation plan agreed to by the Participating TO and the CAISO for multiple individual generating units or project phases at a Small Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those generating units or project phases.

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

**Distribution System** – Those non-CAISO-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.

**Generator Interconnection and Deliverability Allocation Procedures (GIDAP)** – The CAISO protocol that sets forth the interconnection and allocation procedures applicable to an Interconnection Request pertaining to a Small Generating Facility that is included in CAISO Tariff Appendix DD.

**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, CAISO, 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 Financial Security** – Any of the financial instruments listed in Section 10.1 of the GIDAP that are posted by an Interconnection Customer.

**Interconnection Handbook** – A handbook, developed by the Participating TO and posted on the Participating TO's website 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 CAISO 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 CAISO Controlled Grid.

**Interconnection Study** –

- (i) For Interconnection Requests processed under the Cluster Study Process described in the GIDAP, any of the following: the Phase I Interconnection Study conducted or caused to be performed by the CAISO, the reassessment of the Phase I Interconnection Study Base Case conducted or caused to be performed by the CAISO prior to the commencement of the Phase II Interconnection Study, or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, pursuant to the GIDAP.
- (ii) For Interconnection Requests processed under the Independent Study Process described in the GIDAP, the governing study(ies) conducted or caused to be performed by the CAISO pursuant to the GIDAP, which shall consist primarily of a Facilities Study as described in Section 4.5 of the GIDAP, a System Impact Study as described in Section 4.4 of the GIDAP, and, as applicable to Full Capacity Deliverability Status or Partial Deliverability Status, Phase I and Phase Interconnection Studies as described in Section 2.4.3 of the GIDAP.

**Local Deliverability Constraint** – A transmission system operating limit modeled in the GIDAP study process that would be exceeded if the CAISO were to assign full capacity or partial capacity deliverability status to one or more additional generating facilities interconnecting to the CAISO Controlled Grid in a specific local area, and that is not an Area Deliverability Constraint.

**Local Delivery Network Upgrade (LDNU)** – A transmission upgrade or addition identified by the CAISO in the GIDAP study process to relieve a Local Deliverability Constraint.

**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.

**Merchant Network Upgrades** – Network Upgrades constructed and owned by an Interconnection Customer pursuant to Article 5.2.1 of this SGIA, Section 13.3 of the GIDAP, and Sections 24.4.6.1 and 36.11 of the CAISO Tariff.

\* \* \*

**Attachment B - Marked**

**Tariff Clarifications Compliance**

**California Independent System Operator Corporation**

**July 11, 2013**

#### **8.9.11 Performance Audit For Non-Spinning Reserve**

The CAISO will audit the performance of a ~~Generating Unit, Load, or System Resource~~resource providing Non-Spinning Reserve by auditing its response to Dispatch Instructions, and by analysis of telemetry data associated with the resource. Such audits may not necessarily occur on the hour. A resource providing Non-Spinning Reserve shall be evaluated on its ability to respond to a Dispatch Instruction, move in accordance with the time delay and MW/minute capability stated in its Bid, and reach the amount of Non-Spinning Reserve capacity under the control of the CAISO scheduled for the current Settlement Period within ten (10) minutes of issue of the Dispatch Instruction by the CAISO. For a Multi-Stage Generating Resource the range of Non-Spinning capacity evaluated is the range for the applicable MSG Configuration.

\* \* \*

#### **40.4.6.2.1 Available Import Capability Assignment Process**

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Load Serving Entities serving Load in the CAISO Balancing Authority Area and other Market Participants through their respective Scheduling Coordinators, as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for Resource Adequacy Compliance Year 2008 through April 2009.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of- Balancing Authority Area LSEs: For each Intertie, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each Intertie the import capability on each Intertie associated with (i) Existing Contracts and (ii) Transmission Ownership Rights

held by load serving entities that do not serve Load within the CAISO Balancing Authority Area. The remaining sum of all Intertie Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the CAISO Balancing Authority Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by CAISO Balancing Authority Area LSEs: From the Available Import Capability remaining on each Intertie after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the CAISO Balancing Authority Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area Pre-RA Import Commitment Capability on a particular Intertie based on Pre-RA Import Commitments in effect (where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the Resource Adequacy Compliance Year for which the Available Import Capability assignment is being performed. The Pre-RA Import Commitment will be assigned to the Intertie selected by the Load Serving Entity during the Resource Adequacy Compliance Year 2007 import capability assignment process, which was required to be based on the Intertie upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the Resource Adequacy Compliance Year 2007 import capability assignment process, the primary Intertie upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the Resource Adequacy Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the Intertie upon which the Pre-RA

Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capability assignment processes. If a Pre-RA Import Commitment submitted on behalf of a LSE with Existing Contract Import Capability is assigned under this Section to the same Intertie on which the LSE holds Existing Contract Import Capability, the Pre-RA Import Commitment will be assumed to deliver over the Existing Contract Import Capability until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the Resource Adequacy Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import Capability of the Intertie, such that the MW represented in all Pre-RA Import Commitments utilizing the Intertie exceed the Intertie's Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular Intertie. To the extent this initial assignment of Pre-RA Import Commitment Capability has not fully assigned the Available Import Capability of the particular over requested Intertie, the remaining Available Import Capability on the over requested Intertie will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the CAISO Balancing Authority Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. Only the MW quantity of any

Pre-RA Import Commitment Capability assigned to Existing Contract Import Capability under Step 4 that exceeds the Existing Contract Import Capability on the particular Intertie will be counted for purposes of this Step 5. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific Intertie.

Step 6: CAISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the CAISO will post to the CAISO Website, in accordance with the schedule set forth in the Business Practice Manual the following information:

- (a) The Total Import Capability;
- (b) The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each Intertie, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the CAISO Balancing Authority Area and those held by load serving entities outside the CAISO Balancing Authority Area;
- (c) The aggregate quantity in MW, and identity of the holders, of Pre-RA Import Commitments assigned to each Intertie; and
- (d) The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the Interties with Available Import Capability, and the MW quantity of Available Import Capability on each such Intertie.

Step 7: CAISO Notification of LSE Assignment Information: Following the completion of Step 5, in accordance with the schedule set forth in the Business Practice Manual, the CAISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- (a) The Load Serving Entity's Import Capability Load Share;
- (b) The Load Serving Entity's Load Share Quantity; and

- (c) The amount of, and Intertie on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- (d) The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: In accordance with the schedule set forth in the Business Practice Manual, a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Load Serving Entity or Market Participant. The CAISO will accept transfers among LSEs and Market Participants only to the extent such transfers are reported to the CAISO, in accordance with the schedule set forth in the Business Practice Manual and through the CAISO's Import Capability Transfer Registration Process, by the entity receiving the Remaining Import Capability who must set forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to the CAISO Website by August 8, 2007 for Resource Adequacy Compliance Year 2008 and for subsequent Resource Adequacy Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: In accordance with the schedule set forth in the Business Practice Manual, the Scheduling Coordinator for each Load Serving Entity or Market Participant shall notify the CAISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available Intertie. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The CAISO will honor the requests to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests for Remaining Import Capability on that Intertie will be assigned based on each Load Serving Entity's Import Capability Load Share Ratio in the same manner as set forth in Step 4. A Market Participant without an Import Capability Load Share will be assigned the Import

Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: CAISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 9;
- (b) Publish on the CAISO Website aggregate unassigned Available Import Capability, if any, the identity of the Interties with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity or Market Participant that Step 10 is complete and to specify the time at which the ISO will begin accepting requests for the Remaining Import Capability for Step 11.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, in accordance with the schedule set forth in the Business Practice Manual, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the CAISO of their requests to assign any Remaining Import Capability on a MW per available Intertie basis. Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the ISO. The CAISO will honor the timely requests received to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests on that Intertie will be assigned based on each Load Serving Entity or Market Participant's Import Capability Load Share Ratio, as used in Steps 4 and 9.

Step 12: Notification of Secondary Remaining Import Capability Assignments and

Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 11;
- (b) Publish on the CAISO Website unassigned aggregate Available Import Capability, if any, the identity of the Interties with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity or Market Participant that Step 12 is complete and to specify the time at which the ISO will begin accepting requests for the Balance of Year Unassigned Available Import Capability for Step 13.~~Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the ISO.~~

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities or Market Participants may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the ISO. Each request must include the identity of Load Serving Entity or Market Participant on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load

Serving Entity or other Market Participant. The CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year; however, any notification by the CAISO of acceptance of the request in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the acceptance. The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability.

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## Appendix A

### Master Definition Supplement

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#### - Recalculation Settlement Statement

The recalculation of a Settlement Statement in accordance with the provisions of the CAISO Tariff, which includes the Recalculation Settlement Statement [T+12B](#), Recalculation Settlement Statement T+55B, the Recalculation Settlement Statement T+9M, the Recalculation Settlement Statement T+18M, the Recalculation Settlement Statement T+35M, the Recalculation Settlement Statement T+36M or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

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#### - Recalculation Settlement Statement T+36M

The reissue of a Recalculation Settlement Statement T+55B, [a Recalculation Settlement Statement T+9M](#), a Recalculation Settlement Statement T+18M or a Recalculation Settlement Statement T+35M by the CAISO- thirty-six (36) calendar months after Trading Day (T+36M) on the seven hundred and fifty-ninth (759th) Business Day from the relevant Trading Day (T+36M).

\* \* \*

#### - Settlement Statement

Any one of the following: Initial Settlement Statement T+[3B](#), [Recalculation Settlement Statement T+12B](#), Recalculation Settlement Statement T+55B, Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, [Unscheduled Reissue Recalculation Settlement Statement](#), or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

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### Appendix L Method To Assess Available Transfer Capability

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**L.4.3.1 System Limits** – The transfer capability of the transmission network may be limited by the physical and electrical characteristics of the systems including thermal, voltage, and stability consideration. Once the critical Contingencies are identified, their impact on the network must be evaluated to determine the most restrictive of those limitations. Therefore, the TTC becomes:

TTC = lesser of {Thermal Limit, Voltage Limit, Stability Limit} following ~~the most limiting credible contingency~~contingencies consistent with requirements of the NERC Reliability Standards

\* \* \*

## Appendix T

### Small Generator Interconnection Agreement

\* \* \*

#### 3.4.3 Forced Outages

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

\* \* \*

#### 5.3.1.4 Failure to Achieve Commercial Operation

If the Small Generating Facility fails to achieve commercial operation, but it or another ~~Generating-generating Facility-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-generating Facility-facility~~, if different, is responsible for identifying the entity to which reimbursement must be made.

\* \* \*

## Attachment 1

### Glossary of Terms

\* \* \*

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

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

**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 and in accordance with any implementation plan agreed to by the Participating TO and the CAISO for multiple individual generating units or project phases at a Small Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those generating units or project phases.

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

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

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

**Distribution System** – Those non-CAISO-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.

~~Generating Facility – An Interconnection Customer's generating unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.~~

\* \* \*

## CAISO TARIFF APPENDIX CC

### Large Generator Interconnection Agreement

#### for Interconnection Requests in a Queue Cluster Window

that are tendered a Large Generator Interconnection Agreement on or after July 3, 2010

\* \* \*

## TABLE OF CONTENTS

\* \* \*

### ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Interconnection Customer's Interconnection Facilities

- 11.2 Participating TO's Interconnection Facilities
- 11.3 Network Upgrades and Distribution Upgrades
- 11.4 Transmission Credits
  - 11.4.1 Repayment of Amounts Advanced for Network Upgrades
    - 11.4.1.1 [Not Used]
    - 11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities
    - 11.4.1.3 Interest Payments and Assignment Rights
    - 11.4.1.4 Failure to Achieve Commercial Operation
  - 11.4.2 Special Provisions for Affected Systems
  - 11.4.3
- 11.5 Provision of Interconnection Financial Security
  - 11.5.1
- 11.6 Interconnection Customer Compensation
  - 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition

\* \* \*

## ARTICLE 1. DEFINITIONS

\* \* \*

**Interconnection Study** shall mean

- (i) For Interconnection Requests processed under the cluster study process described in the Generator Interconnection Procedures, either of the following studies: the Phase I Interconnection Study or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures;
- (ii) For Interconnection Requests processed under the Independent Study Process described in the Generator Interconnection Procedures, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the Generator Interconnection Procedures, which shall consist primarily of a ~~Facilities facilities Study study~~ as described in Section 4.5 of the GIP or a system impact study as described in Section 4.4 of the GIP.

\* \* \*

## ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

\* \* \*

- 5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple ~~Generating-generating Facilities facilities~~, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension

and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

Network Upgrades common to multiple ~~Generating-generating Facilities~~facilities, and to which the Interconnection Customer's right of suspension shall not extend, consist of Network Upgrades identified for:

- (i) ~~Generating-generating Facilities~~facilities which are the subject of all Interconnection Requests made prior to the Interconnection Customer's Interconnection Request;
- (ii) ~~Generating-generating Facilities~~facilities which are the subject of Interconnection Requests within the Interconnection Customer's queue cluster; and
- (iii) ~~Generating-generating Facilities~~facilities that are the subject of Interconnection Requests that were made after the Interconnection Customer's Interconnection Request but no later than the date on which the Interconnection Customer's Phase II Interconnection Study Report is issued, and have been modeled in the Base Case at the time the Interconnection Customer seeks to exercise its suspension rights under this Article.

\* \* \*

## ARTICLE 11. PERFORMANCE OBLIGATION

\* \* \*

### 11.4.1.4 Failure to Achieve Commercial Operation

If the Large Generating Facility fails to achieve Commercial Operation, but it or another 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-generating Facility~~facility, if different, is responsible for identifying and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

\* \* \*

## Appendix EE

### Large Generator Interconnection Agreement

for Interconnection Requests Processed under the Generator Interconnection and Deliverability Allocation Procedures (Appendix CC of the CAISO Tariff)

\* \* \*

**ARTICLE 11. PERFORMANCE OBLIGATION**

- 11.1 Interconnection Customer's Interconnection Facilities
- 11.2 Participating TO's Interconnection Facilities
- 11.3 Network Upgrades and Distribution Upgrades
- 11.4 Transmission Credits
  - 11.4.1 Repayment of Amounts Advanced for Network Upgrades
    - 11.4.1.1 Repayment Amounts Advanced Regarding Non-Phased Generating Facilities
    - 11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities
    - 11.4.1.3 Interest Payments and Assignment Rights
    - 11.4.1.4 Failure to Achieve Commercial Operation
  - 11.4.2 Special Provisions for Affected Systems
  - 11.4.3
  - 11.4.4 Compensation for Customer Funded Upgrades Utilized by Subsequent Interconnection Customers
- 11.5 Provision of Interconnection Financial Security
  - 11.5.1
- 11.6 Interconnection Customer Compensation
  - 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition

\* \* \*

**Article 1. Definitions**

\* \* \*

**Interconnection Study** shall mean

- (i) For Interconnection Requests processed under the cluster study process described in the GIDAP, any of the following: the Phase I Interconnection Study conducted or caused to be performed by the CAISO, the reassessment of the Phase I Interconnection Study Base Case conducted or caused to be performed by the CAISO prior to the commencement of the Phase II Interconnection Study, or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, pursuant to the GIDAP.
- (ii) For Interconnection Requests processed under the Independent Study Process described in the GIDAP, the governing study(ies) conducted or caused to be performed by the CAISO, in coordination with the applicable Participating TO(s), pursuant to the GIDAP, which shall consist primarily of a ~~Facilities-facilities Study-study~~ as described in Section 4.5 of the GIDAP or a system impact study as described in Section 4.4 of the GIDAP.

\* \* \*

**ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

\* \* \*

- 5.16 Suspension.** The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple

~~Generating-generating Facilities-facilities~~, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

Network Upgrades common to multiple ~~Generating-generating Facilities-facilities~~, and to which the Interconnection Customer's right of suspension shall not extend, consist of Network Upgrades identified for:

- (i) ~~Generating-generating Facilities-facilities~~ which are the subject of all Interconnection Requests made prior to the Interconnection Customer's Interconnection Request;
- (ii) ~~Generating-generating Facilities-facilities~~ which are the subject of Interconnection Requests within the Interconnection Customer's queue cluster; and
- (iii) ~~Generating-generating Facilities-facilities~~ that are the subject of Interconnection Requests that were made after the Interconnection Customer's Interconnection Request but no later than the date on which the Interconnection Customer's Phase II Interconnection Study Report is issued, and have been modeled in the Base Case at the time the Interconnection Customer seeks to exercise its suspension rights under this Article.

The Participating TO shall invoice the Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested the Participating TO to recommence the work or has not itself recommenced work required under this LGIA in time to ensure that the new projected Commercial Operation Date for the full Generating Facility Capacity of the Large Generating Facility is no more than three (3) years from the Commercial Operation Date identified in Appendix B hereto, this LGIA shall be deemed terminated and the Interconnection Customer's responsibility for costs will be determined in accordance with Article 2.4 of this LGIA. The suspension period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the CAISO, if no effective date is specified.

\* \* \*

## **Article 11. Performance Obligation**

\* \* \*

### **11.4.1.4 Failure to Achieve Commercial Operation**

If the Large Generating Facility fails to achieve Commercial Operation, but it or another ~~Generating-generating Facility-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-generating Facility~~facility, if different, is responsible for identifying and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

\* \* \*

## Appendix FF

### Small Generator Interconnection Agreement for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD to the CAISO Tariff)

\* \* \*

#### *Article 3. Effective Date, Term, Termination, And Disconnection*

\* \* \*

##### 3.4.3 Forced Outages

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

\* \* \*

##### 5.3.1.4 Failure to Achieve Commercial Operation

If the Small Generating Facility fails to achieve commercial operation, but it or another ~~Generating-generating Facility~~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-generating Facility~~facility, if different, is responsible for identifying the entity to which reimbursement must be made.

\* \* \*

## Attachment 1

### Glossary Of Terms

\* \* \*

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

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

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

**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 and in accordance with any implementation plan agreed to by the Participating TO and the CAISO for multiple individual generating units or project phases at a Small Generating Facility where an Interconnection Customer intends to establish separate Commercial Operation Dates for those generating units or project phases.

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

**Distribution System** – Those non-CAISO-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.

**Generator Interconnection and Deliverability Allocation Procedures (GIDAP)** – The CAISO protocol that sets forth the interconnection and allocation procedures applicable to an Interconnection Request pertaining to a Small Generating Facility that is included in CAISO Tariff Appendix DD.

~~**Generating Facility** – An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's 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, CAISO, 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 Financial Security** – Any of the financial instruments listed in Section 10.1 of the GIDAP that are posted by an Interconnection Customer.

**Interconnection Handbook** – A handbook, developed by the Participating TO and posted on the Participating TO's website 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 CAISO 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 CAISO Controlled Grid.

**Interconnection Study** –

- (i) For Interconnection Requests processed under the Cluster Study Process described in the GIDAP, any of the following: the Phase I Interconnection Study conducted or caused to be performed by the CAISO, the reassessment of the Phase I Interconnection Study Base Case conducted or caused to be performed by the CAISO prior to the commencement of the Phase II Interconnection Study, or the Phase II Interconnection Study conducted or caused to be performed by the CAISO, pursuant to the GIDAP.
- (ii) For Interconnection Requests processed under the Independent Study Process described in the GIDAP, the governing study(ies) conducted or caused to be performed by the CAISO pursuant to the GIDAP, which shall consist primarily of a Facilities Study as described in Section 4.5 of the GIDAP, a System Impact Study as described in Section 4.4 of the GIDAP, and, as applicable to Full Capacity Deliverability Status or Partial Deliverability Status, Phase I and Phase Interconnection Studies as described in Section 2.4.3 of the GIDAP.

**Local Deliverability Constraint** – A transmission system operating limit modeled in the GIDAP study process that would be exceeded if the CAISO were to assign full capacity or partial capacity deliverability status to one or more additional generating facilities interconnecting to the CAISO Controlled Grid in a specific local area, and that is not an Area Deliverability Constraint.

**Local Delivery Network Upgrade (LDNU)** – A transmission upgrade or addition identified by the CAISO in the GIDAP study process to relieve a Local Deliverability Constraint.

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

~~**CAISO Tariff** – The CAISO'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.

**Merchant Network Upgrades** – Network Upgrades constructed and owned by an Interconnection Customer pursuant to Article 5.2.1 of this SGIA, Section 13.3 of the GIDAP, and Sections 24.4.6.1 and 36.11 of the CAISO Tariff.

\* \* \*

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, this 11th day of July, 2013.

*/s/ Sarah Garcia*  
Sarah Garcia