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January 5, 2005

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

**RE: Large Generator Interconnection Procedures of the California
Independent System Operator Corporation
Docket Nos. ER04-445-____**

Dear Secretary Salas:

In compliance with the Federal Energy Regulatory Commission's ("Commission" or "FERC") July 30, 2004 "Order Rejecting Order Nos. 2003 and 2003-A Compliance Filings," 108 FERC ¶ 61,104 (2004) ("July 30 Order") and Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d (2003), and Section 35.13 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 35.13 (2003), the California Independent System Operator Corporation ("ISO") hereby submits six copies of its Standard Large Generator Interconnection Procedures ("LGIP") for Commission approval and inclusion in the ISO Tariff.¹ The ISO is also submitting related *pro forma* interconnection study agreements, which will not be a part of the ISO Tariff, and related ISO Tariff amendments for Commission approval. Concurrent with this filing, the ISO is also

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

jointly filing with the affected Participating Transmission Owners (“PTOs”)² the Standard Large Generator Interconnection Agreement (“LGIA”). The ISO is also tendering two copies to be time and date stamped and returned to our courier.

I. BACKGROUND

A. Procedural History

On October 21, 2001, the Commission began the process of standardizing agreements and procedures for generator interconnection to electrical transmission systems with the issuance of its Advanced Notice of Proposed Rulemaking (“ANOPR”).³ Feedback on the ANOPR resulted in the Notice of Proposed Rulemaking (“NOPR”) issued on April 24, 2002.⁴ Comments were submitted to the Commission in response to the NOPR from a wide range of generation and transmission companies, including transmission providers such as the ISO. The Commission responded to the Comments received and set out *pro forma* documents for large generator interconnection, in its Final Rule, Order No. 2003, issued on July 24, 2003.⁵

Order No. 2003 both addressed comments received and set out a *pro forma* LGIA and LGIP and related study agreements. Order No. 2003 directed providers of transmission service to make a compliance filing of an LGIA and LGIP within 60 days of the date of publication of Order No. 2003 in the Federal Register.⁶ In addressing the issue of variations from the standardized *pro forma* interconnection procedures and agreement set forth in Order No. 2003, the Commission indicated that “non-independent Transmission Providers” would be permitted to propose deviations from the FERC *pro forma* LGIP and LGIA only if the deviations were in response to established regional

² The PTOs that have been active in the LGIP / LGIA process have been the FERC-jurisdictional PTOs, Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.

³ Standardizing Generation Interconnection Agreements and Procedures, Advance Notice of Proposed Rulemaking, 66 Fed. Reg. 55,140 (November 1, 2001, FERC Stats. & Regs. ¶ 35,540 (2001)).

⁴ Standardization of Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 67 Fed. Reg. 22,250 (May 2, 2002), FERC Stats. & Regs. ¶ 32,560 (2002).

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

⁶ Order No. 2003 at P 910.

reliability standards or were “consistent with or superior to” the pro forma provisions.⁷ In contrast, the Commission stated that it would allow regional transmission organizations (“RTOs”) and independent system operators “more flexibility to customize an LGIP and LGIA to meet their regional needs,” in regards to both terms and conditions, and pricing policies.⁸ RTOs and independent system operators were therefore permitted to submit LGIP and LGIA terms and conditions that meet an “independent entity variation” standard that is more flexible than the “consistent with or superior to” and regional difference standards. Several entities filed requests for rehearing or clarification of Order No. 2003.

Several entities also filed for extensions of the Commission’s original 60-day timeframe for compliance filings of the LGIA and LGIP, including the ISO. The ISO submitted its request for an extension on September 22, 2003. The request was granted by the Commission via letter order issued on September 26, 2003, which established January 20, 2004 as the revised compliance date. On January 8, 2004, the Commission issued an order in which it provided further guidance regarding the filing of the LGIA and LGIP by independent and non-independent entities. In its order, the Commission noted, *inter alia*, that where the Commission’s *pro forma* documents were modified, current agreements and procedures for generator interconnection would continue in effect until the modified *pro forma* LGIA and LGIP were approved by the Commission.⁹

B. Stakeholder Process Leading Up to the Original LGIP Filing

Order No. 2003 specified that, where the transmission provider is an independent system operator or RTO that exercises operational control over transmission facilities owned by other entities, both the independent system operator/RTO and the transmission owner should have responsibilities under the LGIP and should be parties to the LGIA. Order No. 2003 did not, however, prescribe how all functions associated with processing interconnection requests and providing interconnection service should be allocated between the independent system operator/RTO -- which is the transmission provider -- and the transmission owner that is actually performing the required physical interconnection. That question was left for resolution based on the needs of each independent system operator or RTO.

The ISO’s efforts to develop a workable LGIP and LGIA with stakeholders have been concerted and are briefly summarized below:

⁷ Order No. 2003 at P 26.

⁸ *Id.*

⁹ “Notice Clarifying Compliance Procedures,” *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM02-1 (January 8, 2004) (“January 8 Order”).

Soon after the issuance of Order No. 2003, the ISO and PTOs consulted on the need to make conforming changes to their respective tariffs and agreements regarding implementation of the order. The ISO and PTOs formed a number of working groups to evaluate the provisions of Order No. 2003 governing major interconnection policy issues in relation to the ISO's particular circumstances and to develop any necessary modifications to the Commission's standard approach that might need to be made to address the ISO's circumstances. After assessing the import of Order No. 2003 and identifying the major policy and technical issues that required further analysis, the ISO then established a stakeholder process to solicit feedback from Market Participants regarding the appropriate resolution of these outstanding policy and technical issues. Since resolution of many of the outstanding policy issues required ISO Governing Board ("Board") approval, and recognizing that the Commission's January 20, 2004, compliance filing date would occur before the previously established Board meeting date in January (January 22, 2004), the ISO was required to complete its stakeholder process prior to the Board's December 4, 2003, meeting date. The stakeholder process is summarized below:

- | | |
|-----------------|---|
| October 1, 2003 | ISO published its "White Paper" regarding the Large Generation Interconnection Rule that both summarized the salient aspects of Order No. 2003 and identified the major policy and technical issues in need of further analysis (Attachment N). |
| October 15 | Market Participants provided written feedback to the ISO on the ISO's White Paper. Market Participant comments are posted on the ISO Home Page. |
| October 21 | ISO hosted first stakeholder meeting to discuss the ISO's White Paper and solicit feedback from Market Participants. |
| October 28 | ISO published preliminary ISO positions on Order No. 2003. |
| November 3/4 | ISO published revised White Paper on Order No. 2003 and proposed Deliverability Assessment, including summary of stakeholder comments. |
| November 6 | Stakeholders provided second round of comments. |
| November 12 | ISO hosted second stakeholder meeting to discuss policy and technical issues and to further describe the ISO's updated position on issues. |
| November 20 | Stakeholders submitted final round of comments. |

November 25	ISO published ISO Board briefing memo.
December 4	ISO Board meeting, including stakeholder comment opportunity.

Beyond those extensive efforts to work with the ISO's stakeholders in addressing the major interconnection policy issues raised by Order No. 2003, the ISO has engaged in an exhaustive process to work with the FERC-jurisdictional PTOs to review the *pro forma* LGIP and LGIA, as originating in Order No. 2003 and modified by Order No. 2003-A, line-by-line to reconcile the LGIP and LGIA provisions with the existing structure of the ISO Tariff and the PTOs' historical interconnection procedures and agreements. The ISO and PTO working groups attempted to determine, among other things, (1) the appropriate allocation of roles and responsibilities specified by FERC as being within the province of the "Transmission Provider" in the LGIP and LGIA, (2) the minimum necessary changes to the new interconnection procedures to recognize and accommodate the historical practices in the ISO Control Area,¹⁰ (3) the most reasonable means of integrating the operations provisions in the LGIA – which are applicable to new Generating Facilities – with the existing operating requirements in the ISO Tariff that are applicable to all existing Generating Units, and (4) the most appropriate reconciliation of the general terms and conditions of the LGIP and LGIA with the existing general provisions of the ISO Tariff that are applicable to all existing Generating Units. In particular, the ISO worked with the PTOs to "customize" an LGIP and LGIA to (1) specify the respective roles of the ISO and PTOs, reaching agreement where possible with the affected PTOs, (2) reflect "regional differences" in the ISO Control Area, and (3) incorporate other appropriate revisions to the FERC *pro forma* LGIP and LGIA that are justifiable under the "independent entity variation" standard as well as the "consistent with or superior to" standard, both of which are discussed below. Through the dedicated efforts of staff from the ISO and the active PTOs, the ISO has been able largely to reach general agreement among the stakeholders regarding the major interconnection policy issues (e.g., crediting and service) and with the PTOs with regard to the FERC *pro forma* LGIP and related *pro forma* interconnection study agreements for today's filing.

To accomplish this formidable goal, in conjunction with the stakeholder process, the ISO and PTOs formed three working groups: the Pricing/Service team that developed the proposed policies on the major policy issues described above; the Process Mapping team; and the Legal/Contracts team. The Process Mapping team was tasked with creating a comprehensive summary of all of the FERC-ordered timelines for the various activities in the interconnection study process and to rationalize them in an integrated fashion both within the parameters of the FERC *pro forma* LGIP

¹⁰ The ISO notes that the Commission had previously approved, subject to the outcome of this proceeding, in Amendment No. 39 to the ISO Tariff, an ISO-administered interconnection process that applied to the entire ISO Controlled Grid.

and with regard to any necessary adjustments to account for – and more importantly retain - the different but complementary roles of the ISO and the PTOs in the interconnection study process. The results of that effort are set forth in Attachment L, which demonstrates that the proposed modifications to the various timelines result in a nominal increase of 76 days to the overall time specified by FERC for the interconnection study process.¹¹ Once that effort was complete, the Process Mapping team then turned its focus to a comprehensive review of the LGIP and the study agreements to implement its determinations regarding the study process timelines and the other details of the interconnection study process. Once efforts to evaluate Order No. 2003 and develop a proposed plan for the preparation of the compliance filing were completed, the Process Mapping team's 10+ members held almost weekly 3-hour conference calls beginning in early September and continuing through the first full week of January 2004 – resulting in approximately 500 person-hours of discussions of the interconnection study process, LGIP, and agreements. The ISO shared the early results of this team by posting the draft process maps prior to and discussed their content during its second stakeholder meeting on November 12, 2003. All of those discussions were, of course, supported by many hours analyzing Order No. 2003 and the LGIP and study agreements and even more hours of drafting proposed provisions for those documents. At the end of the first week of January, the Process Mapping team completed its efforts.

The other primary document review working group was the Legal/Contracts team. That team was charged with developing an agreed-upon form of the LGIA that could be applied uniformly across the ISO Controlled Grid by the ISO and all three of the FERC-jurisdictional PTOs – which PTOs currently have significantly different forms of interconnection agreements. The Legal/Contracts team initiated its conference calls in the second week of September and held them on average once a week for three hours a week through the first full week of January 2004. While the Legal/Contracts team's primary focus was a line-by-line review of the LGIA to attempt to reach agreement on the provisions that would be acceptable to the ISO and the three PTOs, the team also considered the scope of amendments that would be necessary to the ISO Tariff and the PTOs' Transmission Owner ("TO") Tariffs in order to facilitate the implementation of the LGIA and LGIP. The Legal/Contracts team's 15+ members devoted more than 50 hours of discussions focused primarily on the LGIA, for a total of in the range of 750 person-hours of efforts just in those discussions. In addition, many hours were spent reviewing the provisions of the LGIA, consulting with subject-matter experts, and drafting alternative provisions.

¹¹ Attachment L illustrates the LGIP process in a timeline format. Attachment M provides maps of the process.

Given the January 20 filing deadline, the Legal/Contracts team, in conjunction with members of the Process Mapping team, held over 24 hours of face-to-face meetings to develop all of the components of the compliance filing other than the LGIA. In addition to the extensive efforts among the ISO and the PTOs to prepare modified versions of the LGIP, study agreements, and LGIA, and to develop ISO Tariff and TO Tariff provisions to implement Order No. 2003, the ISO also coordinated with the non-FERC jurisdictional New PTOs regarding the progress in developing the January 20 LGIP filing. The ISO held an initial conference call in August to brief the New PTOs on the scope of Order No. 2003 and to solicit their feedback regarding the manner of addressing their interests in the compliance filing. The ISO thereafter provided nearly weekly e-mail updates into December regarding progress on the compliance filing effort, including an invitation for them to participate on the working teams. While the New PTOs expressed some general interest in the updates, they did not provide any specific input as to how their interests might need to be addressed in the compliance filing. Because those New PTOs currently only hold Entitlements in transmission facilities that they have turned over to ISO Operational Control, they do not have the authority to provide for interconnection to those transmission facilities. Further, because their obligations with regard to new Generating Facility interconnections to such transmission Entitlements are fully addressed in Section 10.3.1 of the Transmission Control Agreement, it is the ISO's view that they are not currently obligated by Order Nos. 2003 and 2003-A, or this compliance filing, to undertake any new obligations with regard to requests to interconnect new Generating Facilities to those transmission facilities.

The ISO and the FERC-jurisdictional PTOs also solicited the participation of representatives of the California Public Utilities Commission ("CPUC") on the working teams. The ISO believes that the CPUC's participation in this effort was both appropriate and necessary. As directly acknowledged in Order No. 2003, the Commission anticipated that RTOs/independent system operators would consult with the appropriate Regional State Advisory Committee to develop region-appropriate interconnection procedures.¹² CPUC representatives participated actively in early policy discussions and periodically during the course of the discussions thereafter, and a portion of this filing letter was requested by the CPUC to ensure that this filing would not prejudice its position regarding the definition of "Interconnection Facilities".

C. Filing of the LGIP Pursuant to Order No. 2003

On January 20, 2004, pursuant to Order No. 2003, the ISO filed with the Commission its *pro forma* LGIP. In that filing, the ISO explained that the LGIP had been developed as a result of a concerted stakeholder process among itself, the affected PTOs, and other Market Participants. The ISO also explained that, although it had endeavored to retain the language of the *pro forma* LGIP adopted in Order No. 2003 to the extent possible, certain modifications had been made where necessary to (1)

¹² Order No. 2003 at P 698-699.

specify the respective roles of the ISO and PTOs, reaching agreement where possible with the active PTOs, (2) reflect regional differences, (3) incorporate appropriate and justifiable variations in accordance with the “independent entity variation” standard, and/or (4) incorporate changes that are consistent with or superior to the FERC *pro forma* LGIP. The ISO reflected these alterations in multiple formats. First, all changes from the language adopted in Order No. 2003 were described, along with the rationale for making these changes, in a matrix included as Attachment A to the January 20 filing. A similar change matrix for the study agreements was included as Attachment B to that filing. In addition, as another guide of all changes made to the original FERC *pro forma* language, the ISO included black lined tariff sheets as Attachments C, E, and F to the January 20 filing.

On January 29, 2004, the Commission noticed the ISO’s January 20 filing, and set the due date for motions to intervene, comments, and protests to February 10, 2004. On February 9, 2004, in response to a motion filed by the Independent Energy Producers Association and Calpine Corporation, the Commission extended the comment period on the LGIP to February 23, 2004. On February 23, 2004, a number of entities filed motions to intervene, comments and/or protests with respect to the ISO’s proposed LGIP. The ISO filed an answer to these pleadings on March 9, 2004.

D. Order No. 2003-A and Filing of a Revised LGIP

On March 5, 2004, the Commission issued its Order on Rehearing of Order No. 2003.¹³ Therein, the Commission reaffirmed the legal and policy conclusions on which Order No. 2003 was based. However, in response to various rehearing requests, the Commission modified a number of the provisions of the *pro forma* LGIP and LGIA as set forth in Order No. 2003.

In Order No. 2003-A, the Commission continued to recognize the principle enunciated in Order No. 2003 that independent transmission providers have the flexibility to tailor the LGIP and LGIA in order to best meet their regional needs, pursuant to the “independent entity standard.”¹⁴ Therefore, the Commission ordered that if an independent transmission provider elected to adopt the *pro forma* LGIP and LGIA from Order No. 2003, it would be required to file on or before the effective date of

¹³ Order on Rehearing, 106 FERC ¶ 61,220 (2004) (“Order No. 2003-A”).

¹⁴ See Order No. 2003 at P 26, which states, in pertinent part: “Most importantly, we note that the Final Rule applies to independent and non-independent Transmission Providers alike, but non-independent Transmission Providers are required to adopt the Final Rule LGIP and Final Rule LGIA into their OATTs, with deviations from the Final Rule justified using either the ‘regional differences’ or ‘consistent with or superior to’ standard. We also allow Regional Transmission Organizations (RTOs) and ISOs more flexibility to meet their regional needs. While RTOs and ISOs are required to submit compliance filings, they may submit LGIP and LGIA terms and conditions that are meet an ‘independent entity variation’ standard that is more flexible than the ‘consistent with or superior to’ standard and the regional differences standard.”

Order No. 2003-A¹⁵ either: (1) a notice that it intended to adopt the Order No. 2003-A *pro forma* LGIP and LGIA, or (2) new standard interconnection procedures and agreements developed according to Order No. 2003's "independent entity variation" standard. However, the Commission stated that those independent transmission providers that filed their own tailored interconnection agreement and procedures pursuant to Order No. 2003's "independent entity variation" standard would not be required to re-file their interconnection agreement and procedures with the Commission unless a change is needed to reflect the modifications made in Order No. 2003-A.

After the issuance of Order No. 2003-A, the ISO and active PTOs commenced an extensive collaborative effort to review that order and identify those portions of the original LGIP that should be modified pursuant to Order No. 2003-A, as well as any necessary or desirable changes to the *pro forma* language adopted in Order No. 2003-A. Through the continued dedicated efforts of staff from the ISO and the active PTOs, the ISO and PTOs were able to reach consensus on all of the proposed revisions to the ISO's original LGIP compliance filing.

On April 26, 2004, the ISO filed with the Commission a revised LGIP pursuant to Order No. 2003-A. Consistent with the approach adopted in the ISO's original LGIP compliance filing, the ISO endeavored to retain the language of the *pro forma* LGIP, as revised in Order No. 2003-A, to the greatest extent possible. Indeed, most of the modifications reflected in that filing were the result of directly adopting the modifications made by the Commission in Order No. 2003-A. As with its original LGIP filing, however, certain modifications to the Order No. 2003-A language were proposed in order to (1) specify the respective roles of the ISO and PTOs, (2) reflect regional differences, or (3) incorporate variations in accordance with the "independent entity variation" standard. The ISO also noted that many of the changes were consistent with or superior to the *pro forma* LGIP adopted in Order No. 2003-A and could be justified on this additional ground as well.

Changes to the language of the LGIP as originally filed by the ISO on January 20, 2004 were shown in the matrix included as Attachment A to the April 26 filing, while changes to the Master Definitions Supplement of the ISO Tariff were displayed in the matrix included as Attachment B to that filing. Attachments A and B also showed any departures from the *pro forma* language adopted in Order No. 2003-A. Blacklined tariff sheets were included as Attachments C and E, and the clean revised LGIP and Master Definitions Supplement tariff sheets were included as Attachments D and F. Because there were no revisions made to the *pro forma* study agreements, those documents were not included as part of the April 26 compliance filing.

¹⁵ The Commission stated that Order No. 2003-A would take effect 30 days after its publication in the Federal Register. Order No. 2003-A was published in the Federal Register on March 26, 2004.

E. July 30 Order

In the July 30 Order, the Commission rejected in their entirety both of the ISO's Order No. 2003 and 2003-A LGIP filings. The Commission did not address the merits of either filing. Instead, it based its rejection of the ISO's filing solely on its conclusion that the ISO was not permitted to propose variations from the FERC *pro forma* LGIP using the "independent entity variation" standard because the Commission had already found that the ISO was not "independent."¹⁶ With respect to the ISO's statement that many of the proposed modifications meet the "consistent with or superior to" standard, the Commission found that the ISO's request was insufficient to trigger the application of that standard because the ISO had not "explained with specificity which variations are 'consistent with or superior to' the *pro forma* provisions or how each variation specifically meets the standard."¹⁷ The Commission directed the ISO to submit a compliance filing within 60 days of the date of the July 30 Order adopting the FERC *pro forma* LGIP, with any proposed variations based on either the "consistent with or superior to" standard or the regional variations standard. The ISO and the active PTOs (along with the California Public Utilities Commission ("CPUC")) all have sought rehearing and/or clarification of the July 30 Order, and such requests for rehearing are still pending.

On August 30, 2004, due to the anticipated appointment of several new members to the ISO Governing Board, the ISO submitted a request for a 90-day extension of the deadline for filing the compliance filing required in the July 30 Order. On September 28, 2004, the Commission granted the ISO's request, setting January 5, 2005 as the deadline for filing the LGIP and joint LGIA required by the July 30 Order.

F. Order No. 2003-B

On December 20, 2004, the Commission issued its Order on Rehearing of Order No. 2003-A, 109 FERC ¶ 61,287 (2004) ("Order No. 2003-B"), which upheld, with certain clarifications, the fundamental determinations made in Orders 2003 and 2003-A. The Commission required all transmission operators to submit, within 60 days of the date of Order No. 2003-B, a compliance filing taking into account the changes described in Order No. 2003-B. The present filing, however, does not address the revisions made to the *pro forma* LGIP in Order No. 2003-B. The ISO plans to make a separate compliance filing within the timeframe specified by the Commission in order to do so.

G. Request for Extension of Time for Effective Date

In a separate motion filed December 30, 2004, the ISO, along with the active PTOs, requested that the Commission issue an order postponing the effective date of

¹⁶ July 30 Order at P 24.

¹⁷ *Id.*

this compliance filing until after the Commission has reviewed and approved it. In the alternative, the ISO and active PTOs have requested that the Commission postpone the effective date until after the Commission has also reviewed and approved a subsequent filing in compliance with Order No. 2003-B, which was issued on December 20, 2004 (109 FERC ¶ 61,287 (2004)). The ISO and active PTOs further requested that the Commission issue a ruling granting the requested extension prior to the date of this filing. The ISO has reiterated this request in Section V below.

II. CONTENTS OF FILING

This filing comprises:

This Transmittal Letter

Attachment A	Matrix of Changes to FERC <i>Pro Forma</i> 2003-A LGIP with Justifications for Changes
Attachment B	Matrix of Changes to FERC <i>Pro Forma</i> 2003-A Interconnection Request and Study Agreements with Justifications for Changes ¹⁸
Attachment C	LGIP Tariff Sheets (including Interconnection Request Appendix) Blacklined
Attachment D	LGIP Tariff Sheets Clean
Attachment E	LGIP FERC <i>Pro Forma</i> 2003-A Definitions Blacklined
Attachment F	Definition Tariff Sheets Blacklined
Attachment G	Definition Tariff Sheets Clean
Attachment H	Tariff Section 5.7 Changes Blacklined
Attachment I	Tariff Section 5.7 Changes Clean
Attachment J	FERC <i>Pro Forma</i> 2003-A Study Agreements Blacklined
Attachment K	FERC <i>Pro Forma</i> 2003-A Study Agreements Clean
Attachment L	LGIP Time Line Graphs
Attachment M	Maps of Interconnection Procedure Process
Attachment N	ISO Policy Documents
Attachment O	ISO Market Surveillance Committee Opinion on Large Generator Interconnection Rule
Attachment P	Notice Suitable for Publication in the Federal Register
Attachment Q	Certificate of Service

¹⁸

This attachment also includes justifications for changes to Appendix 1 of the FERC pro forma LGIP.

III. COMMUNICATIONS

Correspondence and other communications regarding this filing should be directed to:

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IV. DESCRIPTION OF THE FILING

A. Structure of the Filing

As described above, the instant filing is submitted in compliance with the Commission's July 30 Order, which instructed the ISO to submit a compliance filing adopting the FERC *pro forma* LGIP within 60 days of the date of that order, and to justify any proposed variations from the FERC *pro forma* LGIP under either the "consistent with or superior to" standard or the regional variations standard. Included with the instant filing is the *pro forma* LGIP and Interconnection Request to be incorporated into the ISO Tariff. Also included with this filing are the *pro forma* study agreements, which, consistent with the ISO's existing practice regarding *pro forma* agreements, will not be included as part of the ISO Tariff. Instead, the *pro forma* study agreements will stand alone as ISO (and PTO) *pro forma* agreements and be posted on the ISO Home Page.

A change matrix showing the changes from the FERC *pro forma* version of the LGIP, and an explanation of why those changes are "consistent with or superior to" the

FERC *pro forma* LGIP, is included as Attachment A. A change matrix showing the changes from the FERC *pro forma* version of the study agreements, and an explanation of why those changes are “consistent with or superior to” the FERC *pro forma* study agreements, is included as Attachment B. The LGIP and study agreements are included as blackline and clean sheets as Attachments C, D, J and K. Most LGIP definitions have been removed from the LGIP and placed in the ISO’s Master Definitions Supplement. A few definitions that apply only to the LGIP have been retained as part of the LGIP and given effect limited to that document. For ease of reference, the filing includes a blackline of the LGIP definitions showing changes from those originally set forth in the FERC *pro forma* LGIP (Attachment E) in addition to blacklined (Attachment F) and clean tariff sheets (Attachment G), which show the incorporation of new definitions into the ISO Tariff. As discussed below, Section 5.7 of the ISO Tariff was modified to eliminate duplication between its terms and the LGIP. Blacklined and clean versions of Section 5.7 are also included as Appendices H and I. The filing also includes timeline graphs which show clearly the timing of steps under the LGIP as (1) originally proposed in the FERC *pro forma* LGIP and (2) proposed under the ISO’s modified *pro forma* LGIP. These timeline graphs are included as Attachment L to the filing. As a further illustrative aid, maps of the interconnection process are included as Attachment M. ISO policy documents regarding the LGIA/LGIP are included as Attachment N, and the ISO’s Market Surveillance Committee’s opinion on the LGIP is included as Attachment O.

B. Modifications to the FERC *Pro Forma* LGIP

1. Background

While the revised LGIP is a *pro forma* document, the Commission, in Order Nos. 2003 and 2003-A, provided that entities could propose modifications from the FERC *pro forma* LGIP under three possible standards: (1) a “regional differences” standard, under which non-independent entities could propose modifications in response to “established regional reliability requirements”; (2) the “consistent with or superior to” standard, which permitted entities to propose changes that are consistent with or superior to the terms of the FERC *pro forma* LGIP; and (3) the “independent entity variations” standard, which permitted independent system operators and RTOs greater flexibility in tailoring the LGIP to meet regional needs.

In its original LGIP filing, and its Order No. 2003-A compliance filing, the ISO noted that although it had endeavored to retain the language of the *pro forma* LGIP adopted in Order Nos. 2003 and 2003-A to the extent possible, certain modifications were necessary to (1) specify the respective roles of the ISO and PTOs, reaching agreement where possible with the active PTOs, (2) reflect regional differences, or (3) incorporate appropriate and justifiable variations in accordance with the “independent entity variation” standard. The Commission rejected this approach in the July 30 Order, concluding that the ISO should not be permitted to rely on the independent entity variation standard, based on the Commission’s prior finding that the ISO lacked the

requisite independence.¹⁹ However, as the ISO stated in its Order No. 2003-A compliance filing, many of its proposed modifications also satisfy the “consistent with or superior to” standard, as enunciated in Order No. 2003. In the July 30 Order, the Commission rejected this rationale, stating that the ISO had not “explained with specificity” which variations met the “consistent with or superior to” standard, or how each variation specifically meets that standard.

2. Request for Evaluation of this Filing under the “Independent Entity” Variation

Although the ISO has structured this filing to present to the Commission the reasons why its proposed variations from the FERC *pro forma* LGIP meet the “consistent with or superior to” standard, the ISO nevertheless requests that the Commission review these proposed variations under the “independent entity variations” standard applicable to independent system operators. As the ISO explained in its request for rehearing of the July 30 Order, under Order No. 2003, the availability of the “independent entity variation” standard is not contingent upon whether an entity proposing variations to the FERC *pro forma* LGIP meets some abstract “independence requirement,” but simply whether the entity making the filing is an independent system operator or RTO. The Commission approved the ISO as an independent system operator approximately seven years ago, and has never made any finding to the contrary. In particular, the Commission has never found that the ISO is no longer an independent system operator. The Commission’s rejection of the ISO’s filings through the introduction of a new third category -- non-independent independent system operators -- is not only internally self-contradictory, it also constitutes an arbitrary, unjustified, and unlawful departure from Order No. 2003.

Even assuming, *arguendo*, that the Commission could reject the LGIP filing based on a finding that the ISO is not independent pursuant to Order No. 888, the Commission’s decision in the July 30 Order is, nevertheless, invalid because the Commission has not made a proper finding, based on substantial evidence, that the ISO lacks the requisite independence. In the July 30 Order, the Commission did not undertake to explain why the ISO fails to meet the independence requirement of Order No. 888. Instead, the Commission’s decision was based solely on its July 2002 Order Concerning Governance.²⁰ However, that order was vacated by the Court of Appeals, and, as such, the Commission cannot rely on that order as a basis for finding that the ISO is not independent. If the Commission intends to find that the ISO is not independent, then the Commission must revisit the issue and identify substantial evidence demonstrating the ISO’s lack of independence. The ISO submits that, at

¹⁹ The ISO, as well as the PTOs, have sought rehearing and/or clarification of the July 30 Order, which are still pending before the Commission.

²⁰ 100 FERC ¶ 61,059 (2002).

present, there is no evidence demonstrating the ISO's lack of independence in accordance with the standard set forth in Order No. 888.²¹ Order No. 888 required that, to meet the independence standard for an independent system operator, an independent system operator must be independent of any market participant or any one class of market participant. (Order No. 888 at 31,730.) In that regard, an independent system operator cannot be owned by any market participant, and an independent system operator and its employees cannot have any financial interest in the economic performance of any power market participant. *Id.* 31,731. The ISO's governance meets this requirement. Members of the ISO Governing Board are prohibited by statute from having direct or indirect affiliation with participants in ISO markets, thereby establishing the independence from Market Participants enunciated in Order No. 888. See Calif. Pub. Util. Code Section 337(b). Moreover, consistent with the definition of market participant set forth in Order No. 2000 and the independence principles enunciated in Order No. 888, neither the ISO nor any ISO Governing Board member has a financial interest in the economic performance of any entity that sells electricity, provides transmission service or provides Ancillary Services to the ISO. (Order No. 888 at 31,731; Order No. 2000 at 31,061-62.) The ISO's Bylaws also require that all ISO employees and ISO Governing Board members be financially independent of Market Participants. Further, in accordance with Order No. 888, the ISO has Standards of Conduct on file with the Commission reflecting the standards enunciated in Order No. 888. Thus, there is no reasonable basis for the Commission to find that the ISO does not meet the independence requirement of Order No. 888.

Furthermore, denying the ISO the ability to rely on the "independent entity variation" to justify any deviation from the FERC *pro forma* LGIP serves no purpose. A primary purpose of Order No. 2003 was to prevent undue discrimination in the form of transmission providers "favoring" their own generation or affiliate-owned generation in the interconnection process. (Order No. 2003 at P 822.) That problem does not exist with regard to the ISO Controlled Grid, because the ISO does not own generation and does not have an affiliate that owns generation. Indeed, in Order No. 2003, the Commission recognized that independent system operators should be treated differently than transmission providers who own, or whose affiliates own, generation, because they do not raise the same concern regarding undue discrimination. *Id.* Thus, regardless of the Commission's concerns regarding the ISO governance issues, the rationale for permitting use of the "independent entity variation standard" in Order No. 2003, *i.e.*, the lack of a bias toward the transmission provider's or an affiliate's generation, nevertheless still applies to the ISO. Stated differently, there is no logical nexus between the concerns the Commission has expressed regarding the governance of the ISO, on the one hand, and the analytically distinct subject of generator interconnections, on the other hand. Further, the Commission has not found that the ISO is not

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The ISO also notes that recently the Governor of California has made two new appointments to the ISO Governing Board. The terms of two other ISO Governing Board members expire on December 31, 2004. The Commission should fully evaluate the effect that all of the new appointments will have on the composition of the ISO Governing Board and the overall independence of the ISO.

“independent” with respect to generator interconnection matters. As such, the Commission should grant deference to the ISO. There is no rational basis, nor any need, to deny the ISO the opportunity to rely on the “independent entity variation standard” under these circumstances. Accordingly, the ISO submits that the Commission should apply the “independent entity variation standard” in evaluating the ISO’s LGIP and LGIA filings.

3. Explanation as to Why This Filing Also Complies with the “Consistent With or Superior To” Standard Under Order Nos. 2003 and 2003-A

In order to satisfy the Commission’s directive in the July 30 Order that any proposed variations from the FERC *pro forma* LGIP must meet the “consistent with or superior to” standard, and that the reasons these modifications meet that standard be explained with specificity, the ISO has included, as Attachment A, a matrix of changes that reflects all of the proposed alterations to the FERC *pro forma* LGIP, and includes, for each change, an explanation of how that change is “consistent with or superior to” the Commission’s *pro forma* LGIP. The majority of the proposed variations fall into one or more of the following categories of modifications:

Category 1 - Change made to conform language to ISO Tariff terminology.

This category consists of changes that were made in order to harmonize language between the existing ISO Tariff and the FERC *pro forma* LGIP. These variations are “consistent with or superior to” the FERC *pro forma* provisions because using the same terms in the ISO Tariff and the LGIP should reduce potential for conflicts and disputes. It also adds specificity and clarity to the terms that are being used in the relevant documents. The definitions of these terms have very specific meanings within the ISO Market. The Commission has endorsed this approach in New York Independent System Operator Co., 108 FERC ¶ 61,159 (2004) at P 19, where the Commission allowed NYISO to modify the LGIP and LGIA to make them consistent with NYISO’s existing OATT and current NYISO practices. Although the Commission ruled there that it was allowing such changes because of the NYISO’s independence, the same rationale should apply here; that is, regardless of the Commission’s broader concerns about ISO governance issues, the Commission in prior orders has approved the ISO Tariff and all the terms therein. Therefore, in order to avoid customer confusion and the use of inconsistent terms that mean the same thing, the Commission should allow the ISO to make these changes, as they are consistent with or superior to the FERC *pro forma* LGIP.

Category 2 - Change made to reflect that Transmission Owner (PTO) and Transmission Provider (ISO) are separate entities, each with particular roles in the provision of Interconnection Service.

In Order No. 2003, the Commission specifically stated that in an independent system operator where the Transmission Provider is not the Transmission Owner, the independent system operator's compliance filing "may propose a modified interconnection agreement that provides different respective rights and obligations in the region." (Order No. 2003 at P 909). With regard to the ISO Controlled Grid, the ISO is the Transmission Provider, but not the Transmission Owner. Thus, the LGIP necessarily must be changed to reflect the respective roles of the ISO and the PTOs in the provision of Interconnection Service. In order to accomplish this, numerous changes were made to reflect the respective roles and responsibilities of each entity. These changes are consistent with or superior to the FERC *pro forma* LGIP.

The ISO does not have the legal authority and is not structured to perform all aspects of Interconnection Service. The PTOs are not willing to waive their FPA Section 205 rights to set terms and conditions in the first instance of those aspects of Interconnection Service that they continue to provide. It is consistent with or superior to the Order No. 2003 standards to give the ISO a significant role in the interconnection process, rather than having a PTO perform all aspects of Interconnection Service.

Category 3 - Change made to recognize that the Transmission Provider (ISO) and the distribution service provider/Distribution System owner are two separate entities.

The FERC *pro forma* LGIP assumes that the Transmission Provider also owns and operates a Distribution System. This is not the case with regard to the ISO Controlled Grid, where the ISO's role is limited to exercising Operational Control of the transmission grid, and local distribution utilities, in turn, own and operate the Distribution System. Changes have been made to the FERC *pro forma* LGIP to recognize this business reality with regard to the ISO Controlled Grid. These changes will avoid confusion, enhance administrative efficiency and thus are consistent with or superior to the FERC *pro forma* LGIP.

Category 4 - Change made to reflect differences between the nature of service(s) provided under *pro forma* OATT and ISO Tariff.

Numerous aspects of open access service under the FERC approved ISO Tariff are different from service under the *pro forma* OATT. For example, the services considered to be ancillary services are different. The changes made pursuant to this category are necessary to provide consistency with the FERC-approved ISO Tariff. These changes are consistent with or provide a superior alternative to the *pro forma* OATT for the Interconnection Customers, in that they eliminate confusion as to the obligations and rights of the Interconnection Customer.

Category 5 – Change made to clarify language to be more precise, reducing potential for conflicts and disputes.

The LGIP must provide the Interconnection Customer, the ISO, and the relevant PTO with a clear description of each of its rights and obligations. By necessity, the Commission had to draft the FERC *pro forma* procedures and agreements to apply generically to all entities across the country. In several areas, the language in the FERC *pro forma* LGIP is not precise as applied to the ISO Controlled Grid, and must be expanded upon or modified in order to clarify each of the parties' respective rights and obligations. The more precise tariff language provided in this filing anticipates and will help prevent disputes, and thus these changes are consistent with or superior to the FERC *pro forma* LGIP.

Category 6 - Change made to enhance or ensure reliability.

These changes are made in order to ensure that Interconnection Service on the ISO Controlled Grid will be provided in a safe and reliable manner. Without these changes, the ISO Controlled Grid would be subject to unmerited risks. The ISO has specific reliability criteria for the ISO Controlled Grid, and the individual PTOs have reliability criteria for the portion of their systems that are not part of the ISO Controlled Grid. These various criteria are designed to ensure the ability to reliably operate the transmission system. Some clarifications to the language in the LGIP are necessary to ensure compatibility with these criteria and the procedures for implementing the criteria, and other changes are required to reflect Western Electricity Coordinating Council ("WECC") reliability criteria. Thus, these changes are consistent with or superior to the FERC *pro forma* LGIP.

Category 7 – Change made because term is not used in the LGIP.

By eliminating terms that are never used in the LGIP, customer confusion is eliminated. In tariff drafting, the best practice is that a tariff should not contain a defined term that is not used in the relevant tariff. In the event a dispute were to arise, such term could be construed to have a meaning that was not intended. Thus, the elimination of such terms is plainly "consistent with or superior to" the FERC *pro forma* LGIP.

Category 8 – Change made to correct typographical errors.

Correcting typographical errors in a *pro forma* procedure is clearly "consistent with" the original intent of the FERC *pro forma* LGIP. None of these changes is altering the meaning of the FERC *pro forma* LGIP in any manner; thus, the changes are consistent with the original. Moreover, correcting typographical errors also is "superior to" filing tariff language that contain errors which could be easily corrected. A tariff containing errors could cause confusion to the customer, and is simply bad practice.

The ISO would not adopt procedures that it knew contain imprecise drafting and/or clear errors. The ISO respectfully submits that such ministerial changes are “consistent with or superior to” an LGIP that contains typographical errors.

C. Definitions

i. Changes to Definitions Generally

To better incorporate the LGIP as a part of the ISO Tariff, the majority of the applicable definitions included in the FERC *pro forma* LGIP have been incorporated into the definitions section of the ISO Tariff. Definitions are listed in Appendix A to the ISO Tariff, Master Definitions Supplement. This change is superior to the FERC *pro forma* LGIP, because placing the LGIP definitions in the Master Definitions Supplement will allow users of the ISO Tariff to locate defined terms quickly without the need to search through the ISO Tariff, and ensures consistency between the definitions in the ISO Tariff and those in the LGIP, which has been modified to incorporate applicable Master Definitions Supplement definitions by reference. Inclusion in the Master Definitions Supplement also facilitates use of terms that originated in the LGIP in other contexts. Thus, while most of the definitions are shown as deleted from the LGIP in the blacklined LGIP in Attachment C, the ISO has actually preserved the substance of many of those definitions in the Master Definitions Supplement, as shown in Attachments A and F. However, where FERC *pro forma* LGIP defined terms are not used in the LGIP (*i.e.*, a Category 7 change) or are duplicative of existing ISO Tariff defined terms that are sufficiently clear and consistent to be used in the LGIP (*i.e.*, a Category 1 change), those FERC *pro forma* LGIP defined terms have been deleted entirely, as shown in Attachment F and explained in Attachment A, which is superior to the incorporation of those unused defined terms in the LGIP.

In addition to those general modifications to the FERC *pro forma* LGIP definitions, the ISO has made various changes to the specific provisions of the LGIP definitions. While most of those changes, and the justification that these changes are “consistent with or superior to” the FERC *pro forma* version, are explained clearly in the change matrix in Attachment A, certain aspects of the definitions merit some additional explanation.

ii. Discussion of Selected Definitions

1. Interconnection Facilities

The ISO’s use of the Commission’s definition of Interconnection Facilities is not intended to prevent any party that is litigating, in pending FERC proceedings, the question of whether specific facilities are Interconnection Facilities or network transmission facilities, from arguing that such definition is unjust, unreasonable or otherwise inappropriate.

In several cases currently pending before the Commission, the CPUC is challenging the inclusion in ISO network transmission rates the costs of lines that are primarily used by Generators but which are used or usable by other parties. The parties in such proceedings disagree as to whether such facilities are properly classified as Interconnection Facilities (generation ties) or network transmission facilities. The ISO and the FERC-jurisdictional Participating TOs, as well as the CPUC, understand and agree that in Order No. 2003, FERC characterized Interconnection Facilities as "sole use" facilities even though Paragraphs 749 and 750 of Order No. 2003, as well as Articles 9.9.2 and 11.6 of the LGIA, indicate that there are circumstances in which even "sole use" Interconnection Facilities may be utilized by the transmission provider or other third parties. Thus, Order No. 2003 contemplates that the ISO, a PTO or any other third party may from time to time use an Interconnection Facility, and that the Generator is entitled to compensation based upon the pro rata use between the Generator and any such third party utilizing the Interconnection Facility.

It is not the purpose of this compliance filing to address the question of whether any specific facility should be characterized as an Interconnection Facility or a network transmission facility that may be made part of the ISO Controlled Grid. The ISO does understand, however, that this is a live issue in a number of proceedings before the Commission, and, as such, the ISO wishes to alert the Commission to the fact that the appropriate characterization of any specific facility is not addressed in this compliance filing.

2. Large Generating Facility

In the definitions to be added to the ISO Tariff Master Definitions Supplement, the ISO has modified the FERC *pro forma* LGIP definition of "Large Generating Facility" on a strictly temporary basis to remove the 20 MW minimum size limit. The ISO and the PTOs have serious concerns with continuing to apply their existing interconnection procedures to Generating Facilities 20 MW or less pending FERC's issuance of a final rule in the Small Generator Interconnection proceeding. In order to manage the interconnection queuing process uniformly and consistently, the ISO is proposing to use this temporary modification of the definition to allow the LGIP interconnection process to cover all new interconnections until new rules are finalized for "Small Generating Facilities." When FERC issues its final rule in the Small Generator Interconnection proceeding, the ISO will make simultaneous conforming amendments both to add the new interconnection procedures to the ISO Tariff and to restore the intended definition of "Large Generating Facility" to then make the LGIP applicable only to Generating Facilities above 20 MW from that time forward. This approach is consistent with or superior to the FERC *pro forma* because it allows all interconnection customers to be treated uniformly until the Commission issues its rule for Small Generators, and it reduces the likelihood of discrimination that may arise from having two entirely different interconnection processes.

3. Eliminated Definitions

As discussed below, much of Section 5.7 of the ISO Tariff, which was added by ISO Tariff Amendment No. 39 and currently addresses Generator interconnections, has been deleted and replaced by the LGIP. A review of the ISO Tariff has revealed that several definitions in the ISO's Master Definitions Supplement were used only in the deleted portions of that section. The ISO is proposing to delete those definitions from the ISO Tariff which are no longer used due to the deletion of portions of Section 5.7. The deleted terms are:

- Completed Application Date
- Completed Interconnection Application
- Data Adequacy Requirement
- Delivery Upgrade
- Designated Contact Person
- Direct Assignment Facility
- Expedited Interconnection Agreement
- Good Faith Deposit
- Interconnection Application
- Interconnecting PTO
- New Facility
- New Facility License
- New Facility Operator
- Planning Procedures
- Reliability Upgrades
- Request for Expedited Interconnection Procedures
- System Impact Study.

D. Interconnection Process Improvements

In June 2002, the Commission approved Amendment No. 39 to the ISO Tariff, which established the current ISO process for interconnecting new Generating Units to the ISO Controlled Grid, subject to the outcome of Order No. 2003.²² In general, the process and timelines for receiving and reviewing interconnection applications proposed in Order No. 2003 (and Order No. 2003-A) are consistent with the ISO's current practices under Amendment No. 39. Management of the interconnection request process (queue management) will remain the same, with the ISO managing one study queue for the entire ISO Controlled Grid.

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San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services, 99 FERC ¶ 61,275 at 62,165 (2002), *order on reh'g*, 100 FERC ¶ 61,235 (2002).

The key changes to the interconnection process resulting from Order Nos. 2003 and 2003-A include:

- The addition of a Scoping Meeting early in the application process to get the parties together to share information and reach agreement on the Points of Interconnection to be included in the Interconnection Studies.
- A formal process for conducting feasibility studies, where previously an interconnection request went directly to a system impact study. The new Interconnection Feasibility Study gauges early on whether it is practical to interconnect at a particular proposed Point of Interconnection.
- Interconnection study agreements and the LGIA itself are now standardized *pro forma* across the ISO Control Area, where previously the agreements were PTO-specific. In addition, the *pro forma* LGIA, when finalized, will follow the requirement of Order No. 2003 that in regions where an ISO is the transmission provider, the interconnection agreement should be a three-party agreement among the Interconnection Customer, transmission owner and the ISO.

The ISO generally supports these changes, and the attached version of the LGIP and the concurrently filed LGIA will implement them. However, in conjunction with the stakeholder process, as described above, the ISO has identified a number of modifications to the Commission's proposed form of Interconnection Service and related funding provisions that need to be modified to adapt them to the ISO's circumstances. Those modifications, and the reason that they are "consistent with or superior to" the FERC *pro forma* LGIP, are described below (as well as in the accompanying change matrices).

E. Interconnection Service

Order No. 2003 (as modified by Order No. 2003-A) proposes two forms of Interconnection Service, "Network Resource Interconnection Service" and "Energy Resource Interconnection Service." Under this construct, a new Interconnection Customer that requests Interconnection Service can be studied and subsequently treated in the market as either (1) an "Energy Resource" where it is interconnected to the grid and uses existing space on the transmission system on an "as-available" basis; or (2) a "Network Resource" where the new Generating Facility of the Interconnection Customer must be treated the same as established Network Resources and likewise fully integrated into the system. In Order No. 2003, an Interconnection Customer that requests to be treated as a Network Resource is required to fund what the ISO has defined as "Delivery Network Upgrades" in the proposed ISO Tariff amendments attached.

At this time, and as explained below, the distinction between these two types of Interconnection Service is not meaningful in the California market. Accordingly the ISO proposes to offer only a single, generic form of Interconnection Service. First, the

Commission's proposed Interconnection Services, and the general construct, under Order No. 2003 presume that an Order No. 888 Open Access Transmission Tariff construct, or form of transmission service, is in place in each region. As explained below, that is not the case in California. Second, and perhaps most importantly, the distinction between Energy and Network Resources is meaningful in regions with established capacity resource obligations or where the Transmission Provider remains a vertically integrated utility that continues to serve its native load with its own generation or with networked resources. Once again, that is not the present circumstance in the "California" market. In any event, however, the Interconnection Service proposed herein by the ISO will be of a level and quality of service *comparable* to the service currently provided to existing resources on the system. Such Interconnection Services will be provided equally to all new requests for Interconnection Service.

Because transmission service under the ISO Tariff differs from transmission service provided under the Order No. 888 *pro forma* tariff, the distinction between an Energy Resource and a Network Resource is not meaningful at the present time. In that regard, all Energy transmitted under the ISO Tariff is treated as a "new firm use" on a day-to-day basis. That is, *all* users of the ISO Controlled Grid must schedule their use each day and cannot *reserve* available transmission capacity beyond the day-ahead timeframe. In contrast, the Commission's Order No. 888 *pro forma* tariff permits the reservation of available transmission capacity on a first-come, first-served basis, on a long-term (up to and longer than a year) basis. Furthermore, the Commission's Order No. 888 *pro forma* tariff allows transmission users to schedule both point-to-point and network transmission service. Point-to-point service enables users to schedule between specific points of receipt and delivery on the transmission provider's system on both a short or long-term basis and on both a firm and non-firm basis. In contrast, network transmission service enables users to acquire the transmission capacity necessary to fully integrate their load and generating resource requirements, thus enabling such users to procure transmission service *comparable* to the transmission service the transmission provider provides itself to serve its "native load."

In addition, since 1998, and as discussed extensively over the past six years, California has functioned under a different paradigm where the concept of native load – and the obligation to serve such load has been removed. More importantly, and more specifically, the California market has functioned without a clear capacity market or capacity obligation rules. As the Commission is aware, California is only now in the process of developing such rules, which are the subject of the pending CPUC procurement proceeding. Once these rules are established, the ISO acknowledges and understands that it may want to revisit the form and nature of the Interconnection Service provided under the ISO Tariff. Consistent with the ISO's commitment to revisit, and make necessary and conforming changes to its Market Redesign and Technology Upgrade ("MRTU") proposal once the state establishes formal resource adequacy rules, the ISO likewise commits to undertaking a similar exercise in order to conform its Interconnection Service process and rules to the rules in place for the broader market.

Therefore, as noted above, the ISO is proposing to define and establish a *generic* Interconnection Service under which Interconnection Customers can elect varying levels or quality of service, depending on the level and amount of transmission Network Upgrades they are willing to sponsor. Because this service correlates to the conditions and actual operations of the California electricity markets, it is superior to the Interconnection Service provided for in the FERC *pro forma* LGIP. Under the ISO's proposed generic Interconnection Service, one base level of Interconnection Service would be offered that would assure reliable interconnection, and Interconnection Customers could then elect a higher quality of service by paying for certain transmission Network Upgrades. Deliverability of the plant's output to the ISO Controlled Grid could be assured for a specific set of system conditions by sponsoring additional transmission Network Upgrades. As noted above, the ISO will offer this generic Interconnection Service until broader rules pertaining to resource adequacy (e.g., capacity obligations) have been defined and implemented. At that time, the ISO will revisit this issue and will submit any necessary changes to the LGIP and the ISO Tariff.

F. Interconnection Studies and Deliverability Test

Under the ISO's proposal, Interconnection Studies will be conducted as they currently are, with the addition of the new Scoping Meeting and Interconnection Feasibility Study discussed above. However, there are some important differences, discussed below.

The ISO has added additional time in the study process in LGIP Sections 7.4 and 8.3 beyond what FERC provided in Order No. 2003 (as modified by Order No. 2003-A) in order to allow time for ISO review and comment on the studies that will be primarily conducted by the PTOs. As the Commission is aware, and as currently effective under Amendment No. 39 to the ISO Tariff, the ISO does not have the requisite staff resources independently (*i.e.*, without the use of PTO resources) to conduct the requisite Interconnection Studies for the entire ISO Controlled Grid. Moreover, because of their historical and technical knowledge of their individual systems, it is appropriate, and superior, to have the PTOs conduct, in the first instance, the studies necessary to evaluate Interconnection Requests to their systems. Therefore, the ISO proposes to retain that feature of the current interconnection process. However, acknowledging the need to allow for the ISO's independent review and oversight over the interconnection process, the ISO proposes to modify slightly the Commission's prescribed study timeline under Order No. 2003 in order to provide for such ISO oversight. The additional 76 days are necessary to achieve a core objective of Order No. 2003 – open and non-discriminatory Interconnection Service, and therefore, this revision is consistent with the terms of FERC's *pro forma* LGIP. This total increase in time results from one additional day to process each request, 15 days for ISO review of the Interconnection Feasibility Study, 30 days for ISO review of the Interconnection System Impact Study, and 30 days for ISO review of the Interconnection Facilities Study.

To add needed clarity to the roles of the ISO and PTOs in the LGIA and LGIP, the ISO created the attached LGIP timelines (Attachment L) to first identify the necessary tasks and durations required to complete all of the necessary Interconnection Studies and reach the point of entering into an LGIA in an efficient manner. In the timelines shown in Attachment L, the ISO has defined how the LGIP tasks would be accomplished under the direction of the ISO and in relation to issuance of the draft Interconnection Facilities Study report.²³ For example, by clarifying the tasks and their appropriate preceding and following activities, the ISO was able to *increase* the amount of time for negotiations without an overall increase in the time necessary to execute an LGIA. This occurs in the final phases of the project, after the PTO issues the draft Interconnection Facilities Study report.

In addition, more comprehensive information on each Interconnection Request will be posted on the ISO Home Page, including any studies related to the Interconnection Request, explanation as to why an interconnection was not completed, and reasons for deviations from the study timelines.

The ISO proposes that a new Deliverability Assessment be included in the Interconnection Studies process to help identify the transmission facilities (Delivery Network Upgrades) that are needed to ensure that the full output of a new Generating Facility may be transmitted to load under peak system conditions. This addition is superior to the terms of the FERC *pro forma* LGIP because, by identifying needed delivery-related facilities, which is something that is not done now, Interconnection Customers will be provided with useful information to assess the deliverability of Energy from new Generating Facilities to the grid. Specifically, the Deliverability Assessment will define a generic deliverability benchmark to assess the deliverability risk for a given proposed new Generating Facility. It will be modeled after the methodology already approved by the Commission and currently used by PJM (aggregate of generation can be delivered to the aggregate load) and is similar to that prescribed for Network Resources under Order No. 2003. To initiate this new assessment, the ISO will conduct a baseline study to establish the deliverability of existing generating facilities. The baseline assessment is expected to take six months to complete. Afterwards, the appropriate PTO will conduct the Deliverability Assessment, as defined in the LGIP, for each new Generating Facility. It will be performed under a peak load and resource adequacy perspective to determine if, with the Interconnection Customer's Generating Facility operating at full output, the aggregate of Generation can be delivered to the aggregate of the ISO Control Area load. It would objectively identify the incremental impacts on the grid of a new Interconnection Customer's proposed Generating Facility.

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Attachment M contains additional illustrative aids in the form of maps of the interconnection process.

While some parties may assert that establishing such a feature is premature until more formal resource adequacy requirements are established at the state level including a formal deliverability *requirement*, the ISO asserts that such a feature is appropriate as it will provide invaluable information to Market Participants (including the PTOs) as to potential transmission congestion on the system resulting from the interconnection of new Generating Facilities. The ISO believes that ensuring the deliverability of resources is an essential element – on a long-term basis – of any resource adequacy proposal or mechanism and that moving forward now to provide information consistent with such a feature is appropriate and necessary so that Interconnection Customers, the ISO and the PTOs can make informed decisions regarding the efficient expansion of the transmission system. This Deliverability Assessment is also consistent with the terms of the FERC *pro forma* LGIP because it is the closest practical substitute to the Network Resource Interconnection Service provided for in the FERC *pro forma* LGIP.

G. Crediting Policy

Under the ISO's proposal, Interconnection Customers would be required to fund the Interconnection Facilities needed to physically interconnect the facility to the Point of Interconnection with the grid. This represents no change from current practice and is consistent with Order No. 2003 (as modified by Order No. 2003-A) requirements. The cost of these "exclusive use" facilities would continue to be the sole responsibility of the Interconnection Customer and would not be reimbursed.

With respect to Network Upgrades (*i.e.*, those transmission upgrades beyond the Point of Interconnection to the grid, be they Reliability Network Upgrades or Delivery Network Upgrades, as defined in the ISO's proposal), the ISO proposes that Interconnection Customers initially fund these Network Upgrades, and then elect to receive either (1) refunds over a five-year period (*i.e.*, reimbursement for the costs of the upgrades plus interest); or (2) applicable rights (Firm Transmission Rights ("FTRs") at present, or "Congestion Revenue Rights" ("CRRs"), if they are adopted in the future) as compensation for funding and paying for the Network Upgrades. If the Interconnection Customer does not elect to fund Delivery Network Upgrades, the PTO could build such facilities. In fact, the ISO proposes to provide specifically that in instances where an Interconnection Customer elects not to fund Delivery Network Upgrades, the ISO may direct the applicable PTO to do so under its existing authority in Section 3 of the ISO Tariff. Such a provision is "consistent with and superior to" the provisions of the FERC *pro forma* LGIP because it will ensure that "needed" transmission facilities are built and that new Generation is not stranded in isolated pockets on the system. In particular, and discussed further below, the ISO wants to ensure that "economic" transmission projects, *i.e.*, those that will benefit the system as a whole, are built in a timely manner. Because the ISO is not proposing to mandate or require that Interconnection Customers build such facilities under the proposal outlined herein, the ISO believes that having the PTOs backstop such projects is appropriate. On a long-term basis, the ISO envisions transitioning to a policy wherein Interconnection Customers receive *only* FTRs or CRRs as compensation for

funding/paying for Network Upgrades. (However, the ISO may still provide refunds for funding Network Upgrades with which no FTRs or CRRs are associated.) By linking the crediting for Network Upgrades solely with the value of the rights (i.e., FTRs or CRRs) that are created, Interconnection Customers will be more sensitive to the costs of the Network Upgrades, the impact on the grid, and the benefits of the associated rights. As noted earlier, this construct is completely consistent with that already in place in PJM and other eastern independent system operator markets and more appropriately aligns interconnection policies with the Commission's preferred location-based transmission planning and pricing policies, e.g., Locational Marginal Pricing or "LMP". In fact, as further discussed below and throughout this rulemaking process, the ISO as well as others have repeatedly raised concerns that the Commission's crediting policy could result in uneconomic expansion of the grid. In that regard, if Interconnection Customers are guaranteed reimbursement of all their upgrade costs regardless of where they locate their Generating Facility, such Interconnection Customers could be indifferent to where they locate their facilities. As discussed in greater detail below in the discussion of the economic test, this could result in Interconnection Customers building Generating Facilities in locations where the costs of the necessary transmission upgrades may be significant. This is a sub-optimal result if the Interconnection Customer could have located in a different location that would not have required extensive network upgrades. The ISO believes that, on a long-term basis, the provision of financial rights (i.e., FTRs/CRRs) as compensation for Interconnection Customers that fund Network Upgrades provides a much better price signal to those Interconnection Customers as to where to locate their Generating Facilities on the system and the potential impact on the system and ratepayers from their interconnection.

In the interim, however, the ISO believes the proposed crediting policy is clear, fair and may reduce barriers to building new Generating Facilities. In the first instance, the proposal is entirely consistent with the Commission's established crediting policy under Order No. 2003. Second, the crediting provision establishes a clear means for compensating Interconnection Customers that fund Network Upgrades. Absent crediting, the ability to provide FTRs/CRRs, or a clear entitlement to reserve or use the transmission capacity associated with new Network Upgrades, the ISO would be unable to offer those that expand the transmission system any measurable or obtainable benefit from doing so. Such a policy would be unfair and would create an unnecessary barrier to entry for new Generating Facilities. In the face of such policies, new Generating Facility developers would either be faced with having to pay for Network Upgrades the use and benefit of which they would be unable to capture or would choose not to expand the system, thus perhaps exacerbating currently problematic – both from an economic as well as reliability perspective Intra-Zonal Congestion on the system (see the ISO's November 2003 ISO Governing Board memorandum and related attachments regarding congestion at the Miguel substation).²⁴ Until the implementation

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<http://www.caiso.com/docs/09003a6080/2a/1d/09003a60802a1dce.pdf>

of the redesign of the ISO's markets (referred to as "MRTU"), the ISO is not able to offer FTRs with measurable value within Congestion Zones (i.e., for Network Upgrades that alleviate only Intra-Zonal Congestion), so the ISO agrees with many stakeholders that the crediting policy is the best way – for now – to compensate developers for Network Upgrades that have broad benefits. Moreover, while not completely eliminating cost-responsibility based barriers to entry, the crediting policy should ameliorate a developer's perceived risk of having to pay for necessary but expensive Network Upgrades, since it will know, up front, that it will have its monies paid back, with interest, in five years. However, the ISO will revisit this policy once MRTU is implemented and viable financial rights (CRRs) are available.

H. Purpose for an Economic Test

The ISO proposes to perform an economic test on Network Upgrades costing more than \$20 million or \$200,000 per MW to determine the extent of the benefits resulting from the Network Upgrade, and to use the amount of those benefits as a de facto cap on the level of credits that could be offered to the Interconnection Customer for those Network Upgrades necessary to interconnect its Generating Facility to the grid. In instances where the costs of the Network Upgrade exceed this benefits cap, if the Interconnection Customer were to fund the full amount of the Network Upgrades, the Interconnection Customer would receive, if applicable, the associated FTRs or CRRs, if available.

The ISO believes that the addition of this cost-benefit test is superior to the FERC *pro forma* LGIP because it will guard against egregiously expensive projects, especially since the Interconnection Customer otherwise will recover the full cost of Network Upgrades within five years, regardless of the location of the Generating Facility or the availability of other sites that might require less expensive Network Upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers are not paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new Generating Facilities, and its application would be limited to large projects beyond the \$20 million or \$200,000 per MW threshold level. The ISO chose the first threshold because it is consistent with the ISO's existing policy that the ISO Governing Board must approve projects that cost in excess of \$20 million. Moreover, while not based on any specific analysis or established threshold, the ISO believes that the \$20 million or \$200,000 per MW threshold generally represents an amount likely to have a measurable impact on ratepayer costs, from a system-wide perspective.

The ISO has long asserted that the Commission's crediting policy, absent any changes, could result in uneconomic expansion of the transmission system.²⁵

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See, e.g., Comments of the California Independent System Operator Corporation on the Commission's Notice of Proposed Rulemaking on Standardization of Generation Interconnection Agreements and Procedures filed in Docket No. RM02-1-000 on June 19, 2002 at page 3.

Specifically, the ISO is concerned that the Commission's crediting or refund policy will make new Generating Facility developers indifferent as to where they locate on the transmission system. That is, under such a policy the ISO is concerned that Generating Facility developers will give greater weight to other Generating Facility siting factors, e.g., proximity and access to fuel and water supplies, land cost, other factors, and will discount the overall cost impact on transmission rates. For example, if a Generating Facility developer knows that it will be paid back, with interest, all monies invested in transmission upgrades, such developer may not care that its Interconnection Request could require \$100 million in Network Upgrades to the system. In contrast, if at least a portion of its investment was "at risk," the developer might decide it is more prudent to locate the project, for example, ten miles further away where the Network Upgrade costs are only \$20 million.

In their comments on the Commission's Standard Market Design Proposal ("SMD"), Mssrs. Chandley and Hogan raise concerns that the Commission's proposed rolled-in treatment for Network Upgrades is also inconsistent with the Commission's preferred LMP-based transmission pricing policy.²⁶ As stated in those comments:

...Under "rolled-in" pricing for network upgrades, all users would pay a share of the upgrade costs, even for upgrades required for new generator interconnections to allow the generator to access the regional market. NOPR ¶¶191-194.

In general, we view these approaches in both the SMD and the proposed Generator Interconnection rules as both unnecessary and inconsistent with the core elements of the SMD. Under SMD, efficient spot market process and associated usage charges reflect the locational effects of congestion and losses. LMP-based charges provide incentives for both generator interconnections and network upgrades. While siting issues and local concerns are present in any event and must be addressed, the core problem in non-LMP regions until now has been the absence of appropriate price incentives, a flaw that the SMD with locational marginal pricing will largely correct.

Complementing the incentive properties of LMP, the SMD would require ITPs/RTOs to award to those who invest in transmission upgrades incremental CRRs made possible by the upgrades. The LMP incentives and the award of the property rights that reflect the value of the investments should provide the necessary support for market-driven

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See "Initial Comments of John D. Chandley and William W. Hogan on the Standard Market Design NOPR" dated November 11, 2002, at page 55-56.

investment in transmission upgrades that reduce congestion for the benefit of those sponsoring the upgrades...

In addition, as further described in the ISO Market Surveillance Committee's ("MSC") formal opinion on the ISO's proposal, Attachment O hereto, the MSC too has serious reservations regarding the Commission's crediting/refund policy. While the MSC does not necessarily agree with the ISO regarding the practical application of the ISO's proposed economic test, the MSC agrees with the ISO that the Commission's crediting policy could result in uneconomic or inefficient expansion of the transmission system.²⁷ In fact, the MSC's primary reservation with the ISO's proposed economic test is that it will be unsuccessful in eliminating or mitigating the potentially egregious impact on efficient grid expansion from the Commission's crediting policy. In the end, the MSC and the ISO agree that the best long-term solution is a proactive transmission planning process that obviates the need to rely exclusively on Interconnection Requests to expand the transmission system and to move to a paradigm where Generating Facility developers receive financial congestion rights as compensation for funding Network Upgrades.

Finally, the ISO notes that the proposed ISO Tariff language regarding the proposed economic test is purposefully general. While the ISO understands concerns that the methodological basis of the proposed economic test is not specified or detailed in either the proposed ISO Tariff language or elsewhere in the instant filing, the ISO believes that it is unnecessary to specify such details now and that it would inappropriately bind the ISO going forward if it were to specify such details at this time. First, the ISO understands that if it applies such test and the outcome of such test results in the ISO proposing to limit the refunds due a Generating Facility owner, the ISO would have to demonstrate that such limits are reasonable and justified. Second, as the Commission is aware, the issue of how to justify or determine the benefits of economic transmission projects is highly contentious and potentially subject to a large amount of discretion. Because this is an evolving area, the ISO requests that the Commission remain flexible to its application and not require that the details of such a test be specified in the ISO Tariff. Moreover, as the Commission may recall, the ISO has been in the process of developing an "economic methodology" for transmission projects over the last several years. At this point, it is the ISO's understanding that the CPUC intends to rule on the merits of the ISO's proposal and adopt a generic methodology with the intent that such methodology assist in the approval of such economic transmission projects before the CPUC and perhaps more broadly. The ISO

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California ISO Market Surveillance Committee: "Opinion on Large Generator Interconnection Rule" (January 7, 2004), at p. 8. This document was filed with the ISO's original Order No. 2003 LGIP compliance filing on January 20, 2004. This document is included with this filing as Attachment O.

requests that the Commission acknowledge this process and effort and permit the ISO to apply its proposed economic test on a case-by-case basis consistent with the evolving approach for justifying such projects.

I. The Need to Distinguish Reliability and Delivery Network Upgrades

ISO Tariff Amendment No. 39 established the concept of Reliability Upgrades and Delivery Upgrades to distinguish between the upgrades that are necessary to (1) interconnect a new facility safely and reliably to the ISO Controlled Grid that would not have been necessary but for the new facility (i.e., Reliability Upgrades); and (2) relieve constraints on the ISO Controlled Grid to ensure the delivery of energy from a new facility to load (i.e., Delivery Upgrades). Reliability Upgrades must be made to the ISO Controlled Grid where needed before a new interconnection to the ISO Controlled Grid can take place.

In Order No. 2003, (as modified by Order No. 2003-A), FERC proposed that a new "Network Resource Interconnection Service" be offered. Although, as discussed above, the ISO cannot currently implement "Network Resource Interconnection Service" in the form envisioned by FERC, the ISO is proposing to retain the current Amendment No. 39 distinction in ISO markets between Reliability and Delivery Network Upgrades in order to address FERC's intent in that regard, at least in part. Thus, this change is consistent with the FERC *pro forma* LGIP. This change is also superior to the terms of the FERC *pro forma* LGIP because Interconnection Studies that distinguish between the facilities required to interconnect a new Generating Facility to the grid reliably and those additional facilities required to ensure delivery of the full output of the resource to loads will provide Interconnection Customers with useful information for making their decisions as to the probable effect on the marketability of the power from their Generating Facilities of funding the construction of Delivery Network Upgrades. The ISO proposes in the LGIP that the terms "Reliability Network Upgrades" and "Delivery Network Upgrades" be used to clearly distinguish between these two types of Network Upgrades. Thus, while the ISO's proposed crediting policy will apply equally to both Reliability Network Upgrades and Delivery Network Upgrades, the ISO believes that there is a meaningful difference between the two and that distinguishing between the types of Network Upgrades will provide useful information to all Market Participants and is consistent with the ISO's long-term goal of aligning interconnection policy with the deliverability requirement under a resource adequacy framework.

J. Compliance with PTOs' Interconnection Handbooks

A new Section 11.5 has been added to the LGIP to incorporate a requirement that the Interconnection Customer's Interconnection Facilities be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook (which has also been added as a new defined term). This requirement is necessary to define the technical requirements for that portion of the ISO Controlled

Grid that is receiving the interconnection.²⁸ There are numerous detailed technical requirements that need to be met to ensure that a new Large Generating Facility is interconnected to a PTO's portion of the ISO Controlled Grid reliably, which technical requirements are set forth in the individual Interconnection Handbooks applicable to the different systems of each of the PTOs. Such requirements are consistent with and superior to the FERC *pro forma* LGIP because they will ensure the safety and reliability of all interconnections and is a practice and requirement in place today. The facilities, equipment, and system operating practices of each of the PTOs differ significantly and are described in their respective Interconnection Handbooks. It is essential that an Interconnection Customer be aware of the specific characteristics and practices regarding the PTO system to which it is interconnecting that it incorporate those system differences into its interconnection planning and construction. The Commission has accepted the incorporation of a transmission owner's interconnection guidelines in *Xcel Energy Operating Cos.*, 107 FERC ¶ 61,313 at PP 30-31.

K. Changes to ISO Tariff Section 5.7

Because much of the substance of ISO Tariff Section 5.7 is now covered in the submitted LGIP, the ISO is proposing to delete much of the existing Section 5.7 language. The only provisions that the ISO is proposing to retain in amended form are the general provisions of Sections 5.7.1 and 5.7.2, which describe the general interconnection procedures applicable to interconnections directly to the ISO Controlled Grid and to Distribution Systems within the ISO Control Area, respectively. The ISO proposes to amend Section 5.7.1 to substitute the new LGIP terminology for the outdated terms in the existing version, to conform the applicability of its terms to the provisions of the LGIP, and to reference the LGIP as the ISO Protocol governing interconnections. The ISO proposes to amend Section 5.7.2 to avoid the use of the new LGIP terminology in this section and otherwise ensure that it continues to distinguish clearly between interconnections to the ISO Controlled Grid and to the Distribution System and to add a reference to the possibility that interconnections to the Distribution Systems of PTOs may be governed by any type of Local Regulatory Authority requirements, now that the ISO has added the non-CPUC jurisdictional New PTOs.

Also, the ISO proposes to add additional language to Section 5.7.1 in order to reflect and clarify the Commission's finding in Order No. 2003 that the requirement to submit an Interconnection Request does not apply to existing qualifying facilities (QFs) that undertake to sell power in the wholesale market without changing the

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In Order No. 2003-A, the Commission stated that a Transmission Provider that wishes to impose operational requirements in addition to those contained or referenced in the applicable Reliability Council requirements would be permitted to propose and justify such requirements in its compliance filing. Order No. 2003-A at P 399.

characteristics of their facilities. The ISO proposes to revise ISO Tariff Section 5.7.1 to provide that QFs that simply change the marketing of their power would not be covered by the provisions of Section 5.7.1 or the LGIP (but will be required to execute an LGIA), while making clear that QFs that materially change their total capability or electrical characteristics will be required to submit an Interconnection Request and comply with the LGIP. In order to confirm that QFs that change the marketing of their power are appropriately exempted from or included in the interconnection process, the ISO proposes to require any QF that represents that the total capability and electrical characteristics of its facility will remain substantially unchanged to submit an affidavit to the ISO and applicable PTO to that effect, and to include supporting information documenting any changes to its total capability and electrical characteristics. If the ISO and the applicable PTO confirm that the electrical characteristics and total capability of the QF are substantially unchanged, then the QF will not be placed into the interconnection queue. If the ISO and PTO, however, cannot confirm that the QF's total capability and electrical characteristics are and will be substantially unchanged, then the QF shall be considered an Interconnection Customer and will be required to submit an Interconnection Request and comply with the provisions of the LGIP.

The ISO believes that these provisions are consistent with the Commission's ruling in Order No. 2003 that a QF need not submit an Interconnection Request "if it represents that the output of the generating facility will be substantially the same as before." Order No. 2003 at P 815. Moreover, the review process proposed by the ISO will safeguard the ability of the ISO and PTOs to oversee and ensure the reliability of their respective systems.

L. Special Provisions for Affected Systems and Other Affected PTOs

In Order No. 2003, the FERC *pro forma* LGIA included language that made clear that an Affected System Operator would be required to pay refunds to an Interconnection Customer for any Network Upgrades constructed by the Affected System Operator, regardless of whether the Interconnection Customer contracts for transmission on the Affected System. In Order No. 2003-A, however, in order to address concerns that Interconnection Customers would be entitled to reimbursement by an Affected System Operator for construction of Network Upgrades even when the Affected System Operator's customers received no benefit from the Network Upgrades, the Commission revised Article 11 of the FERC *pro forma* LGIA to provide that Affected System Operators must provide credits to an Interconnection Customer only to the extent that the Interconnection Customer takes transmission service on the Affected System. Order No. 2003-A at P 637. The Commission implemented that revision by deleting the previous requirement from Article 11.4.2 that the Affected System Operator provide credits (repayments) without regard to whether the Interconnection Customer contracts for transmission service on the Affected System.

In addition to incorporating the concept of Affected Systems into the LGIA, the ISO, with the concurrence of the active PTOs, has included provisions concerning

Affected Systems as part of Section 3.4.4 of the LGIP (Special Provisions for Affected Systems and Other Affected PTOs) both because negotiations with Affected Systems must take place prior to the execution of an interconnection agreement and because the Affected System would not be party to any such agreement. This change is consistent with the FERC *pro forma* LGIP because it simply adds to the LGIP the same concept as approved by the Commission for the LGIA. Moreover, in order to implement the Commission's crediting policy regarding Affected Systems, as set forth in Order No. 2003-A, the ISO proposes to include in LGIP Section 3.4.4 a sentence stating: "Any payment by the owner of the Affected System shall be in accordance with paragraphs 636-639 of FERC Order No. 2003-A (106 FERC ¶ 61,220)." The ISO believes that this change is consistent with the terms of the FERC *pro forma* LGIP, because it merely reiterates the standard adopted in Order No. 2003-A. Moreover, this modification is superior to the FERC *pro forma* LGIP because it ensures that potential Interconnection Customers and other Market Participants have notice of the Commission's new crediting/repayment policy with respect to Affected Systems in Order No. 2003-A.

M. Internet Posting

In Order No. 2003-A, the Commission stated that it would permit a transmission provider to share technical information related to its transmission system with an Affiliate without having to simultaneously release the information to the public "as long as the information relates solely to a valid request for Interconnection Service." Order No. 2003-A at P 107. However, the Commission adopted several "safeguards" in order to ensure that affiliated and non-affiliated Interconnection Customers are treated alike, but at the same time, ensure that Critical Energy Infrastructure Information is not released to the public. First, the Commission modified the FERC *pro forma* LGIP to require that a transmission provider post an advance notice to the public on its OASIS website of its intent to conduct a Scoping Meeting with an Affiliate. The ISO has incorporated this modification into Section 3.6 of its LGIP, with minor changes to reflect that the ISO, rather than the applicable PTO, will manage and post the Interconnection Requests, Queue Position, and related information on its public website.

Additionally, Order No. 2003-A set forth additional requirements, including, but not limited to, obliging a transmission provider to transcribe any Scoping Meetings conducted with an Affiliate, to retain that transcript for three years, and to make it available under certain circumstances. The Commission did not, however, incorporate these mandates into the revised FERC *pro forma* LGIP.

Consistent with the Commission's determination not to incorporate the mechanical requirements concerning the transcription of Scoping Meetings with Affiliates, the ISO does not propose to include language in the LGIP to address these requirements. However, the ISO recognizes that, to the extent that an Interconnection Request involves an Affiliate of a PTO, the Commission expects that these obligations will be met. The ISO expects to collaborate with the PTO and the Interconnection

Customer to work out arrangements for transcribing any Scoping Meeting that falls under this provision.

V. EFFECTIVE DATE AND INTERIM INTERCONNECTION AGREEMENT

In the July 30 Order, the Commission indicated that the effective date of this compliance filing would be the date on which it was filed with the Commission. The ISO, as well as the active PTOs, has sought rehearing or clarification of this decision, and urges the Commission to set the effective date for the LGIP and LGIA to the date on which the Commission approves these documents, rather than the filing date. To this end, the ISO and the active PTOs, on December 30, 2004, filed with the Commission a motion requesting that the Commission issue an order postponing the effective date of this compliance filing until after the Commission has reviewed and approved it. In the alternative, the ISO and active PTOs requested that the Commission postpone the effective date until after the Commission has also reviewed and approved a subsequent filing in compliance with Order No. 2003-B. As the ISO and active PTOs explained in their requests for rehearing of the July 30 Order, and in the December 30 Motion, substantial disruption to interconnection efforts that would then be underway could result if the LGIP and LGIA filed today become immediately effective, and the Commission later orders changes to these documents. To illustrate the magnitude of this potential problem, there are, at present, 70-100 Generating Units in the interconnection queues of the active PTOs that could be adversely impacted if, after transitioning to the interconnection process provided for in the present filing, that process is then modified as a result of any changes the Commission orders to the LGIP filed herein. A similar issue arose in the Commission's acceptance of ISO Tariff Amendment No. 39, and the Commission ultimately found it necessary to reverse its original order so as to give Amendment No. 39 prospective effect.²⁹

²⁹ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, 100 FERC ¶ 61,235 (2002).

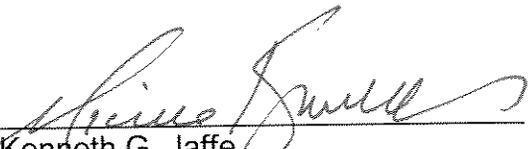
VI. CONCLUSION

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

Respectfully submitted,



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ATTACHMENT A

ATTACHMENT B

ATTACHMENT C

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
Section 1.	Definitions OBJECTIVES, DEFINITIONS, AND RULES OF INTERPRETATION.	The deletion of Definitions and insertion of OBJECTIVES, DEFINITIONS, AND RULES OF INTERPRETATION is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it provides the context for the incorporation of the LGIP into the ISO Tariff.
<u>1.1 Objectives</u>	The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for <u>Large Generating Facility Interconnections to the ISO Controlled Grid</u>	The insertion of <u>The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility Interconnections to the ISO Controlled Grid</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it provides the context for the incorporation of the LGIP into the ISO Tariff by setting forth objectives of the LGIP.
<u>1.2 Definitions</u>		The insertion of <u>1.2 Definitions</u> is a Category 5 change. This addition is consistent with or superior to the pro forma LGIP because it provides the context for the incorporation of the LGIP into the ISO Tariff by setting forth objectives of the LGIP.
<u>1.2.1 Master Definitions Supplement</u>	<u>Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section of an Appendix of the ISO Tariff. References to the LGIP are to this Protocol or to the stated paragraph of this Protocol.</u>	The insertion of text beginning with <u>Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement....</u> is a Category 5 change. This addition is consistent with or superior to the pro forma LGIP because it makes clear that most of the applicable LGIP defined terms are proposed to be placed in the Master Definitions Supplement, Appendix A to the ISO Tariff and refers to the Master Definitions Supplement as the primary source of those definitions. The addition also includes standard ISO Protocol provisions indicating the intended use of language in the protocol.
<u>1.2.2 Special Definitions for this LGIP</u>	<u>In this LGIP, the following words and expressions shall have the meanings set opposite them:</u>	The insertion of <u>In this LGIP, the following words and expressions shall have the meanings set opposite them and subject to the limitations set forth in Section 13.1 of the LGIP.</u> is a Category 5 change. This addition is consistent with or superior to the pro forma LGIP because the added introductory language makes clear that the few defined terms shown as remaining in the LGIP itself are "special" definitions intended for use only in the LGIP and not in the rest of the ISO Tariff.

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
1.2.2 Definitions [General Change]	Numerous definitions moved to ISO Tariff Appendix A, Master Definitions Supplement	The transfer of definitions is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the ISO Tariff Master Definitions Supplement is the primary source of defined terms in the ISO Tariff, to which the LGIP will be attached as an ISO Protocol. All applicable FERC pro forma LGIP definitions have been moved to the Master Definitions Supplement except as expressly noted, which allows those definitions to be used elsewhere in the ISO Tariff without having to be re-defined where used.
“Adverse System Impact”	Definition moved.	The definition “Adverse System Impact” has been moved to the ISO Tariff Master Definitions Supplement and is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the ISO Tariff Master Definitions Supplement is the primary source of defined terms in the ISO Tariff, to which the LGIP will be attached as an ISO Protocol.
“Affected System”	<p>Transmission Provider’s Transmission System <u>ISO Controlled Grid</u></p> <p><u>, including the Participating TOs’ electric systems that are not part of the ISO Controlled Grid</u></p>	<p>The deletion of Transmission Provider’s Transmission System and insertion of <u>ISO Controlled Grid</u> is a Category 1 change. This change is consistent with or superior to the pro forma LGIP because the ISO Controlled Grid is an accurate description of the electric system over which the ISO exercises Operational Control. Therefore, any electric system outside of the ISO Controlled Grid would be an Affected System. Furthermore, the ISO as a transmission provider exercises Operational Control over all Participating TO Transmission Systems, which are part of the ISO Controlled Grid. Because of these various ambiguities in the term “Transmission Provider’s Transmission System”, the precise term ISO Controlled Grid is superior. This change is also consistent with the pro forma LGIP because it does not change the meaning of the term.</p> <p>The insertion of <u>, including the Participating TOs’ electric systems that are not part of the ISO Controlled Grid</u> is a Category 3 change. This change is consistent with or superior to the pro forma LGIP because it recognizes that a generator interconnection will probably have an effect on Participating TOs’ distribution system as well, and</p>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
		<p>recognizes the fact that the ISO does not have operation control over the Participating TOs' distribution system.</p> <p>Additional discussion of this change is included in section IV.L of the transmittal letter accompanying this filing.</p>
"Affected System Operator"	<p>Shall mean the entity that operates an Affected System.</p>	<p>The deletion of Shall mean is a Category 5 change. This change is superior to the pro forma LGIP because it makes the ISO's LGIP more precise. It is also consistent with the FERC pro forma LGIP because it does not change the meaning of the term.</p> <p>Additional discussion of this change is included in section IV.L of the transmittal letter accompanying this filing.</p>
"Affiliate"	<p>Delete definition. Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.</p>	<p>The deletion of "Affiliate". is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term. Avoiding defining the same term two different ways in the ISO Tariff will avoid confusion and possible conflict. Also, this change is consistent with the pro forma LGIP because the existing ISO Tariff definition is nearly identical to the pro forma LGIP definition.</p>
"Ancillary Services"	<p>Delete definition. Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.</p>	<p>The deletion of "Ancillary Services" is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>
"Applicable Laws and Regulations"	<p>Delete definition. Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.</p>	<p>The deletion of "Applicable Laws and Regulations" is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, with the deletion of the unused term "Environmental Law," and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>
"Applicable Reliability Council"	<p>Delete definition. Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.</p>	<p>The deletion of "Applicable Reliability Council" is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, with the deletion of the unused term "Applicable Reliability Standards," and thus,</p>

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Section(s)	Changes	Justification for Change
		this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Applicable Reliability Standards”	Delete definition. Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.	The deletion of “Applicable Reliability Standards” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Base Case”	by the Transmission Provider or Interconnection Customer	The deletion of by the Transmission Provider or Interconnection Customer is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it recognizes that the transmission provider of the interconnection customer may not perform the Interconnection Studies, but still be valid interconnection studies under the LGIP.
“Breach”	Delete definition. Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.	The deletion of “Breach” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Breaching Party”	Delete definition. Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.	The deletion of “Breaching Party” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, with the deletion of the unused term “Breach,” and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Business Day”	Substitute the FERC pro forma LGIP definition for the existing ISO Tariff definition, with the exception of using F ederal H oliday as a lower-case term, and with the addition of <u>“and the day after Thanksgiving Day”</u> .	The deletion of F ederal H oliday and insertion of federal holiday and the day after Thanksgiving” is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the term “Federal Holiday is not a defined term in the LGIP, and its capitalization could lead to confusion. The insertion of “the day after Thanksgiving Day” more accurately describes the available Business Days of the ISO. Making it clear what days are unavailable to the ISO as business days makes it so that all of the parties to the LGIA are clear on what days to count when

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Section(s)	Changes	Justification for Change
		establishing deadlines and schedules.
“Calendar Day”	Federal Holiday	The change in capitalization on the term “Federal Holiday” is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it is not a defined term in the LGIP or in the ISO Tariff and, in order to avoid confusion, should not be capitalized.
“Clustering”	shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.	The deletion of shall mean is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it involves no substantive change to the language of the definition as set forth in the pro forma LGIP.
“Commercial Operation”	... the status of a <u>Generating Unit at a</u> Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.	The Insertion of “ <u>Generating Unit at a</u> ” is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it more accurately describes the interconnection by recognizing the fact that multiple units may coexist at one interconnection site. In that case that multiple units are built at the same sight but achieve commercial operation at different times, having an imprecise definition could lead to confusion and even misinterpretation of the LGIP.
“Commercial Operation Date”	...of a unit shall mean t The date on which Interconnection Customer commences commercial operation of the a <u>Generating Unit at the a</u> Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to <u>in Appendix E to the Standard Large Generator Interconnection Agreement.</u>	The deletion of of a unit shall mean t , Interconnection Customer commences commercial operation of the, and the, and insertion of <u>a Generating Unit and a</u> , is both a Category 1 and Category 5 change. This change is consistent with or superior to the pro forma LGIP because it uses a defined term “Generating Unit” (see definition and justification below) rather than an ambiguous and undefined term (unit), and it more accurately describes the interconnection by recognizing that multiple units may coexist at one interconnection site and could have different Commercial Operation Dates. The deletion of after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown and in, and insertion of <u>commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it

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Section(s)	Changes	Justification for Change
		makes the language more precise, which will reduce the potential for conflicts and disputes.
“Confidential Information” [Special defined term only in LGIP]	, <u>subject to Section 13.1 of the LGIP</u>	The insertion of <u>, subject to Section 13.1 of the LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because Section 13.1 of the LGIP includes some substantive limitations on the scope of “Confidential Information” that are not included in the FERC pro forma LGIP definition. Those limitations need to be referenced to the definition in order not to mislead the reader.
“Control Area”	Delete definition. Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.	The deletion of “Control Area” is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term. Avoiding defining the same term two different ways in the ISO Tariff will avoid confusion and possible conflict. Also, this change is consistent with the pro forma LGIP because the existing ISO Tariff definition has substantially the same meaning as the pro forma LGIP definition.
“Default”	Delete definition. Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.	The deletion of “Default” is a Category 7 change. This change is consistent with or superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Deliverability Assessment”	New definition. <u>Deliverability Assessment An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.</u>	The insertion of “Deliverability Assessment” is a Category 4 change. This change is consistent with or superior to the pro forma LGIP because the CPUC is considering but has not yet acted upon a resource adequacy obligation for utilities. Without such an obligation, the concept of NR Interconnection Service has no meaning with regard to interconnection to the ISO Controlled Grid. The new term “Deliverability Assessment” is useful in LGIP Section 3.3 to describe the closest practical substitute to the NR Interconnection Service concept with regard to interconnection to the ISO Controlled Grid and anticipates possible action by the CPUC to impose a resource adequacy requirement. The definition of Deliverability Assessment makes clear that the assessment provides

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Section(s)	Changes	Justification for Change
		<p>information on the deliverability of a facility and the Network Upgrades necessary for various levels of deliverability.</p> <p>Additional discussion of this change is included in section IV.F of the transmittal letter accompanying this filing.</p>
“Delivery Network Upgrades”	<p>New definition. <u>Delivery Network Upgrades</u> <u>Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.</u></p>	<p>The insertion of “Delivery Network Upgrades” is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this term is useful in distinguishing among different types of Network Upgrades.</p> <p>Additional discussion of this change is included in section IV.F of the transmittal letter accompanying this filing.</p>
“Dispute Resolution” [Special defined term only in LGIP]	<p><u>set forth in this LGIP</u></p> <p>In which they will first attempt to resolve the dispute on an informal basis.</p>	<p>The insertion of <u>set forth in this LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the Dispute Resolution procedure is set forth in and limited to the LGIP, as the ISO Tariff sets forth a different procedure for resolution of all other disputes arising under the ISO Tariff.</p> <p>The deletion of In which they will first attempt to resolve the dispute on an informal basis. is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the pro forma definition does not describe the entire dispute resolution procedure as it is described throughout the LGIP provisions describing the process – not just the informal process.</p>
“Distribution System”	<p>Delete definition. Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.</p>	<p>The deletion of “Distribution System” is a Category 11 change. This change is consistent with or superior to the pro forma LGIP because the existing ISO Tariff defined term is sufficiently clear and consistent to be used in the LGIP.</p>
“Distribution Upgrades”	<p>Participating TO's Transmission Provider's Distribution System electric</p>	<p>The deletion of Transmission Provider's Distribution System and the insertion of</p>

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Section(s)	Changes	Justification for Change
	<p>system that are not part of the ISO Controlled Grid</p> <p>at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce</p>	<p><u>Participating TO's and electric system that are not part of the ISO Controlled Grid</u> and Category 5 changes. These changes are consistent with or superior to the pro forma LGIP because clarifies that it is the Participating TO's non-ISO Controlled Grid facilities that are intended to be referenced where the term is used.</p> <p>The deletion of text beginning with at or beyond the Point of Interconnection ... is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this change preserves the substance of the definition while deferring issues that might be raised by the deleted language to the substantive LGIP provisions addressing responsibilities for Distribution Upgrades.</p>
"Effective Date"	<p>Delete definition. Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.</p>	<p>The deletion of "Effective Date" definition is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>
"Emergency Condition"	<p>Delete definition. Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System</p>	<p>The deletion of "Emergency Condition" is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>

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	<p>restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.</p>	
<p>“Energy Resource Interconnection Service”</p>	<p>Delete definition. Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.</p>	<p>The deletion of “Energy Resource Interconnection Service” definition is a Category 4 change. This change is consistent with or superior to the pro forma LGIP because it more accurately reflects the services available under the FERC accepted and approved ISO Tariff, which governs interconnection and transmission service in California.</p> <p>Additional discussion of this change is included in section IV.E of the transmittal letter accompanying this filing.</p>
<p>“Engineering & Procurement Agreement”</p>	<p>Participating TO Transmission Provider</p>	<p>The deletion of Transmission Provider and the insertion of <u>Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that it is the Participating TO and not the ISO that undertakes the engineering and procurement activities under the E&P Agreement.</p>
<p>“Environmental Law”</p>	<p>Delete definition. Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.</p>	<p>The deletion of “Environmental Law” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>
<p>“Federal Power Act”</p>	<p>Delete definition. Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.</p>	<p>The deletion of “Federal Power Act” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.</p>
<p>“FERC”</p>	<p>Delete definition. FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.</p>	<p>The deletion of “FERC” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids</p>

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Section(s)	Changes	Justification for Change
		confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP..
“Force Majeure”	Delete definition. Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.	The deletion of “Force Majeure” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Generating Facility”	device <u>Generating Unit(s) used</u>	The deletion of device and the insertion of <u>Generating Unit(s) used</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the existing ISO Tariff defined term “Generating Unit” is more precise and specific to the ISO structure than the use of the term “device” in the FERC pro forma LGIP definition.
“Generating Facility Capacity”	Delete definition. Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.	The deletion of “Generating Facility Capacity” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Good Utility Practice”	Delete definition. Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice,	The deletion of “Good Utility Practice” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.

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	method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.	
“Governmental Authority” [Special defined term only in LGIP]	Transmission Provider <u>Participating TO, ISO</u>	The deletion of Transmission Provider and the insertion of <u>Participating TO, ISO</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because neither the Participating TO nor the ISO is appropriately a “Governmental Authority” for purposes for which that term is used. Thus, this change adds clarity to the LGIP and reduces potential confusion.
“Hazardous Substances”	Delete definition. Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.	The deletion of “Hazardous Substances” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Initial Synchronization Date”	Delete definition. Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.	The deletion of “Initial Synchronization Date” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“In-Service Date”	Participating TO's <u>Transmission Provider's</u>	The deletion of Transmission Provider and insertion of <u>Participating TO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
“Interconnection Customer”	Participating TO <u>Transmission Provider, Transmission Owner</u>	The deletion of Transmission Provider, Transmission Owner and the insertion of <u>Participating TO</u> is a Category 2 change. This change is consistent with or superior to

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	ISO Controlled Grid Transmission Provider's Transmission System	<p>the pro forma LGIP because this clarifies that it is the Participating TO and not the ISO that might have a Generating Facility.</p> <p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.</p>
"Interconnection Customer's Interconnection Facilities"	ISO Controlled Grid Transmission Provider's Transmission System	<p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.</p>
"Interconnection Facilities"	Participating TO's Transmission Provider's	<p>The deletion of Transmission Provider's and the insertion of <u>Participating TO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.</p>
	ISO Controlled Grid Transmission Provider's Transmission System	<p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.</p> <p>Additional discussion of this change is included in section IV.C.ii of the transmittal letter accompanying this filing.</p>
"Interconnection Facilities Study"	Participating TO, ISO Transmission Provider	<p>The deletion of Transmission Provider and the insertion of <u>Participating TO, ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that either the Participating TO or the ISO may conduct an Interconnection Facilities Study.</p>
	Participating TO's Transmission Provider's	<p>The deletion of Transmission Provider's and the insertion of <u>Participating TO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma</p>

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Section(s)	Changes	Justification for Change
	<p>and Distribution Upgrades as identified in the Interconnection System Impact Study</p> <p>ISO Controlled Grid Transmission Provider's Transmission System</p>	<p>LGIP because this clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.</p> <p>The deletion of as identified in the Interconnection System Impact Study and the insertion of <u>and Distribution Upgrades</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the addition makes clear that a Participating TO's Distribution System facilities are also facilities that might be identified in an Interconnection Facilities Study, and the deletion preserves the substance of the definition while avoiding potential inaccurate implications regarding the identification of the relevant facilities.</p> <p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.</p>
<p>"Interconnection Facilities Study Agreement"</p>	<p>accepted by FERC and posted on the ISO Home Page contained in Appendix 4 of the Standard Large Generator Interconnection Procedures</p>	<p>The deletion of contained in Appendix 4 of the Standard Large Generator Interconnection Procedures and the insertion of <u>accepted by FERC and posted on the ISO Home Page</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.</p>
<p>"Interconnection Feasibility Study"</p>	<p>conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer</p> <p>ISO Controlled Grid Transmission Provider's Transmission System</p>	<p>The insertion of <u>conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies the entities eligible to prepare the study.</p> <p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to</p>

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Section(s)	Changes	Justification for Change
		the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.
“Interconnection Feasibility Study Agreement”	<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 2 of the Standard Large Generator Interconnection Procedures</u>	The deletion of contained in Appendix 2 of the Standard Large Generator Interconnection Procedures and the insertion of <u>accepted by FERC and posted on the ISO Home Page</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
“Interconnection Handbook”	New definition. <u>Interconnection Handbook A handbook, developed by the Participating TO and posted on the Participating TO’s web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO’s portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO’s standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO’s Interconnection Handbook, the terms in the LGIP shall apply.</u>	The insertion of “Interconnection Handbook” is a Category 6 change. This change is consistent with or superior to the pro forma LGIA because it recognizes that each Participating TO’s transmission system, there is an Interconnection Handbook, which contains criteria necessary for reliable and safe interconnection to that Participating TO’s Transmission System. The Commission accepted a reference to Interconnection Guidelines in Xcel Energy Operating Cos., 107 FERC ¶ 61,313, ¶¶ 30-31. Additional discussion of this change is included in section IV.J of the transmittal letter accompanying this filing.
“Interconnection Request”	Shall mean a An Interconnection Customer’s request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with <u>Section 5.7.1 of the ISO Tariff.</u>	The deletion of Shall mean a and the insertion of <u>A</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this standardizes the definition format. The insertion of <u>Section 5.7.1 of the ISO Tariff</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies which tariff and section specify the characteristics of a

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	<p>To interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.</p>	<p>Generating Facility that obligate the owner of the planned Generating Facility to adhere to the interconnection procedures set forth in the LGIP, thereby eliminating any ambiguity and confusion that may arise.</p> <p>The deletion of text beginning with To interconnect a new Generating Facility, is a Category 1 change. This change is consistent with or superior to the pro forma LGIP because a more specific and precise definition of this term was appended to the ISO Tariff Master Definitions List.</p>
<p>"Interconnection Service"</p>	<p>Participating TO and ISO Transmission Provider</p>	<p>The deletion of Transmission Provider and the insertion of <u>Participating TO and ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that Interconnection Service as set forth in the LGIP is a service jointly provided by the Participating TO and the ISO.</p>
	<p>ISO Controlled Grid Transmission Provider's Transmission System</p>	<p>The deletion of Transmission Provider's Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.</p>
	<p>Participating TO's TO Tariff, and, if applicable, the Transmission Provider's the ISO Tariff</p>	<p>The deletion of , if applicable, the Transmission Provider's and the insertion of <u>Participating TO's TO Tariff, and the ISO</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that Interconnection Service as set forth in the LGIP is a service jointly provided by the Participating TO and the ISO pursuant to their respective Tariffs.</p> <p>Additional discussion of this change is included in section IV.E of the transmittal letter accompanying this filing.</p>

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Section(s)	Changes	Justification for Change
“Interconnection Study”	shall mean a Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.	The deletion of shall mean a is a Category 5 change. This change is consistent with the pro forma LGIP because it does not change the meaning of the pro forma definition.
“Interconnection System Impact Study”	<u>conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer</u> ISO Controlled Grid Transmission Provider’s Transmission System	The insertion of <u>conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies the entities eligible to prepare the study. The deletion of Transmission Provider’s Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection System Impact Studies take into account impacts on the entire ISO Controlled Grid.
“Interconnection System Impact Study Agreement”	<u>accepted by FERC and posted on the ISO Home Page contained in Appendix 3 of the Standard Large Generator Interconnection Procedures</u>	The deletion of contained in Appendix 3 of the Standard Large Generator Interconnection Procedures and the insertion of <u>accepted by FERC and posted on the ISO Home Page</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
“IRS”	Delete definition. IRS shall mean the Internal Revenue Service.	The deletion of “IRS” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.

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Section(s)	Changes	Justification for Change
“Joint Operating Committee”	Delete definition. Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.	The deletion of “Joint Operating Committee” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Large Generating Facility”	having a Generating Facility Capacity of more than 20 MW	The deletion of having a Generating Facility Capacity of more than 20 MW is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the LGIP (and associated LGIA) will apply uniformly to all new Generating Facility interconnections pending the issuance by FERC of a separate rule governing the interconnection of Generating Facilities of 20 MW or less – at which time this definition will be amended to restore the deleted phrase. This is a more reasonable approach than leaving Generating Facilities 20 MW or less governed by the existing provisions of the ISO Tariff – which do not distinguish between Generating Facilities above and below 20 MW in any event. Additional discussion of this change is included in section IV.C.ii.2 of the transmittal letter accompanying this filing.
“Loss”	Delete definition. Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.	The deletion of “Loss” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.

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Section(s)	Changes	Justification for Change
“Material Modification”	<u>or any other valid interconnection request</u>	The insertion of <u>or any other valid interconnection request</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it acknowledges that other types of interconnection request (such as requests to interconnect to a Distribution System) may be affected by modifications.
“Metering Equipment”	Delete definition. Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.	The deletion of “Metering Equipment” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“NERC”	Delete definition. NERC shall mean the North American Electric Reliability Council or its successor organization.	The deletion of “NERC” is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term. Avoiding defining the same term two different ways in the ISO Tariff will avoid confusion and possible conflict. Also, this change is consistent with the pro forma LGIP because the existing ISO Tariff definition has substantially the same meaning as the pro forma LGIP definition.
“Network Resource”	Delete definition. Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.	The deletion of “Network Resource” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. Additional discussion of this change is included in section IV.E of the transmittal letter accompanying this filing.
“Network Resource Interconnection Service”	Delete definition. Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's	The deletion of “Network Resource Interconnection Service” is a both a Category 7 change and a Category 4 Change. This change is consistent with or superior to the pro forma LGIP because it more accurately reflects the services available under the FERC accepted and

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Section(s)	Changes	Justification for Change
	<p>Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.</p>	<p>approved ISO Tariff, which governs interconnection and transmission service in California.</p> <p>A more detailed discussion of this topic is set forth in section IV.E of the transmittal letter accompanying this filing.</p>
<p>“Network Upgrades”</p>	<p>ISO Controlled Grid Transmission Provider’s Transmission System</p> <p>pPoint of Interconnection at which the Interconnection Customer interconnects to the Transmission Provider’s Transmission System</p> <p><u>Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.</u></p>	<p>The deletion of Transmission Provider’s Transmission System and insertion of <u>ISO Controlled Grid</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it offers an efficient way of referring to all upgrades to the transmission system without ambiguity.</p> <p>The deletion p... at which the Interconnection Customer interconnects to the Transmission Provider’s Transmission System and insertion of <u>Point of Interconnection</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this substitutes the more precise FERC pro forma LGIP defined term “Point of Interconnection” for the more ambiguous phrase set forth in the FERC pro forma LGIP definition.</p> <p>The insertion of <u>Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that Network Upgrades include upgrades to any portion of the ISO Controlled Grid.</p> <p>Additional discussion of this change is included in section IV.G of the transmittal letter accompanying this filing.</p>
<p>“Notice of Dispute”</p>	<p>Delete definition.</p> <p>Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.</p>	<p>The deletion of “Notice of Dispute” is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this term is used only in Section 13.5.1, where it is already defined for use in that section. Thus, there is no purpose for the redundant defined term.</p>

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Section(s)	Changes	Justification for Change
“Optional Interconnection Study”	Shall mean a A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.	The deletion of Shall mean a is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.
“Optional Interconnection Study Agreement”	accepted by FERC and posted on the ISO Home Page contained in Appendix 5 of the Standard Large Generator Interconnection Procedures	The deletion contained in Appendix 5 of the Standard Large Generator Interconnection Procedures and insertion of <u>accepted by FERC and posted on the ISO Home Page</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the agreement will not be physically attached to the LGIP, and thus the ISO Tariff, as it will be both an ISO and a Participating TO agreement – which will best be implemented by separate acceptance by FERC as a pro forma Service Agreement.
“Party or Parties” [Special defined term only in LGIP]	the ISO Transmission Provider, Participating TO(s), Transmission Owner, Interconnection Customer or the applicable any combination of the above.	The deletion Transmission Provider, and and insertion of <u>the ISO</u> and the deletion Transmission Owner, and insertion of <u>Participating TO(s),</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it defines who the parties are – specific parties and their combinations. The deletion of any and insertion of <u>the applicable</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it more accurately describes the parties involved in the interconnection process to the ISO Controlled Grid.
“Point of Change of Ownership”	Participating TO’s Transmission Provider’s	The deletion of Transmission Provider’s and the insertion of <u>Participating TO’s</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that it is the Participating TO and not the ISO that has Interconnection Facilities.
“Point of Interconnection”	ISO Controlled Grid Transmission Provider’s Transmission System	The deletion of Transmission Provider’s Transmission System and the insertion of <u>ISO Controlled Grid</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole.

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Section(s)	Changes	Justification for Change
“Queue Position”	ISO Transmission Provider	The deletion of Transmission Provider and the insertion of <u>ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the ISO has the lead in processing Interconnection Requests and establishing Queue Position.
“Reasonable Efforts” [Special defined term only in LGIP]	Agreement Procedures	The deletion of Agreement and the insertion of <u>Procedures</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the term is used in the LGIP to refer to efforts with respect to obligations under the LGIP and not under the LGIA.
“Reliability Network Upgrades”	New definition. <u>Reliability Network Upgrades. The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility’s interconnection may have on a path’s WECC rating.</u>	The insertion of “Reliability Network Upgrades” is a Category 4 change. This change is consistent with or superior to the pro forma LGIP because this term is useful in distinguishing among different types of Network Upgrades. Additional discussion of this change is included in section IV.I of the transmittal letter accompanying this filing.
“Scoping Meeting”	the applicable Participating TO, and the ISO Transmission Provider	The deletion of Transmission Provider and the insertion of <u>the applicable Participating TO, and the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies which parties are involved in the Scoping Meeting.
“Site Control”	Shall mean a Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility;....	The deletion of Shall mean a is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.
“Small Generating Facility”	Delete definition. Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no	The deletion of “Small Generating Facility” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this

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Section(s)	Changes	Justification for Change
	more than 20 MW.	change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Stand Alone Network Upgrades”	<p>shall mean Network Upgrades that an<u>the</u> Interconnection Customer may construct without affecting day-to-day operations of the Transmission System<u>ISO Controlled Grid or Affected Systems</u> during their construction. Both the Transmission Provider<u>The Participating TO, the ISO, and the Interconnection Customer ...</u></p> <p>The Participating TO, the ISO, Both the Transmission Provider</p>	<p>The deletion of an and insertion of <u>the</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifically refers to parties to this LGIP, thereby eliminating ambiguity.</p> <p>The deletion of Transmission System and insertion of <u>System ISO Controlled Grid or Affected Systems</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it accurately describes all of the systems that may be affected by Stand Alone Network Upgrades using precisely defined terms.</p> <p>The deletion of Both the Transmission Provider and the insertion <u>The Participating TO, the ISO,</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it makes clear that both the Participating TO and the ISO must be in agreement with the Interconnection Customer as to what constitutes a Stand Alone Network Upgrade.</p>
“Standard Large Generator Interconnection Agreement”	, that is included in the Transmission Provider’s Tariff	The deletion of , that is included in the Transmission Provider’s Tariff is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the ISO and Participating TOs are concurrently filing the LGIA with FERC for approval as a separate pro forma agreement referenced in their respective Tariffs but not to incorporate that pro forma agreement directly into their Tariffs due to the complications that would result if the same pro forma agreement were part of several different Tariffs.
“Standard Large Generator Interconnection Procedures”	<p><u>ISO Protocol that sets forth the</u></p> <p>Transmission Provider’s ISO Tariff</p>	<p>The insertion of <u>ISO Protocol that sets forth the</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that the LGIP will be added as another ISO Protocol to the ISO Tariff.</p> <p>The deletion of Transmission Provider’s and the insertion of <u>ISO</u> is a Category 2 change.</p>

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Section(s)	Changes	Justification for Change
		This change is consistent with or superior to the pro forma LGIP because it clarifies that the LGIP will be added as another ISO Protocol to the ISO Tariff.
“System Protection Facilities”	Delete definition. System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.	The deletion of “System Protection Facilities” is a Category 7 change. This change is superior to the pro forma LGIP because the term is not used in the LGIP, and thus, this change avoids confusion. The fact that deleting this change has no substantive impact on the LGIP makes it consistent with the pro forma LGIP.
“Tariff”	Delete definition. Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.	The deletion of “Tariff” is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term. Avoiding defining the same term two different ways in the ISO Tariff will avoid confusion and possible conflict. Also, this change is consistent with the pro forma LGIP because the existing ISO Tariff definition has substantially the same meaning as the pro forma LGIP definition.
“Transmission Owner”	Delete definition. Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.	The deletion of “Transmission Owner” is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term. Avoiding defining the same term two different ways in the ISO Tariff will avoid confusion and possible conflict. This is also a category 5 change, and is superior to the pro forma LGIP because it harmonizes the LGIP with the existing ISO Tariff and ISO market structure, in which “Transmission Owner” has unique meaning.
“Transmission Provider”	Delete definition. Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and	The deletion of “Transmission Provider” is a Category 1 change. This change is superior to the pro forma LGIP because the term duplicates an existing ISO Tariff defined term “Participating Transmission Operator”. Avoiding defining the same term two different ways in the ISO Tariff will avoid

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Section(s)	Changes	Justification for Change
	provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.	confusion and possible conflict. Also, this change is consistent with the pro forma LGIP because the existing ISO Tariff definition has substantially the same meaning as the pro forma LGIP definition.
“Transmission Provider’s Participating TO’s Interconnection Facilities”	<u>Participating TO’s</u> Transmission Provider’s	The deletion of Transmission Provider’s and the insertion of <u>Participating TO’s</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because the changes to the defined term and the definition clarify that it is the Participating TO and not the ISO that has Interconnection Facilities.
“Transmission System”	Delete definition. Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.	The deletion of “Transmission System” is a Category 1 change. This change is consistent with or superior to the pro forma LGIP because the term “Transmission System” as used in the FERC pro forma LGIP has been replaced with the existing ISO Tariff defined term “ISO Controlled Grid” and is consequently not used in the LGIP. The use of the term “ISO Controlled Grid” is superior to using the pro forma definition of “Transmission System” because the terms mean essentially the same thing in the context of interconnecting with the ISO, and having only one defined term to express a concept is less confusing than having multiple terms.
“Trial Operation”	the a <u>Generating Unit Facility</u>	The deletion of the <u>Generating Unit Facility</u> and insertion of <u>a</u> <u>Generating Unit</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it more accurately describes the interconnection by recognizing the fact that multiple units may coexist at one interconnection site and that different units may go through the period of trial operation at different times on different schedules.
<u>1.2.3 Rules of Interpretation</u>	(a) <u>Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency.</u> (b) <u>A reference in this LGIP to a given agreement, ISO Protocol or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such</u>	The insertion of this section is a Category 1 and Category 5 change. These provisions are standard ISO Protocol introductory provisions that specify the rules for interpretation of the provisions of the LGIP and for the effective date of the LGIP. The addition of these provisions is consistent with or superior to the pro forma LGIP because they will make clear the relationship between these provisions and the ISO Tariff, and will reduce confusion and promote clarity.

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Section(s)	Changes	Justification for Change
	<p><u>reference is made.</u></p> <p><u>(c) The captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.</u></p> <p><u>(d) This LGIP shall be effective as of the date specified by FERC.</u></p>	
2.2 (Comparability)	<u>Transmission Provider ISO and the applicable Participating TO</u>	The deletion of Transmission Provider and insertion of <u>The ISO and the applicable Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: it is the Participating TO that will perform the studies and the ISO that manages the interconnection and study process, working together to process and analyze Interconnection Requests.
2.2 (Comparability)	all	The deletion of all is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because, in conjunction with the change as listed above, the applicable Participating TO can only process the Interconnection Requests that are in its particular service area and it makes it clear that Participating TOs that are not directly involved in the study process would not be affected
2.2 (Comparability)	<u>Transmission Provider ISO and the Participating TOs</u>	The deletion of Transmission Provider and insertion of <u>ISO and the Participating TOs</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: it is the Participating TO that will perform the studies and the ISO that manages the interconnection and study process, working together to process and analyze Interconnection Requests.
2.2 (Comparability)	<u>Transmission Provider the Participating TO</u>	The deletion of Transmission Provider and insertion Provider the Participating TO is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the Participating TO is the owner of the facilities to which interconnection is sought. The ISO does not own these facilities.

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Section(s)	Changes	Justification for Change
2.3 (Base Case Data)	Transmission Provider <u>The applicable Participating TO or ISO</u>	The deletion of Transmission Provider and insertion of <u>The applicable Participating TO or ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: it is either the Participating TO or the ISO, since either might be the owner and/or provider of the base case.
2.3 (Base Case Data)	Applicable -confidentiality provisions.	The insertion of <u>Applicable</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies between information provided in accordance with the LGIP and information provided pursuant to the remainder of the ISO Tariff which has differing confidentiality provisions as appropriate.
2.3 (Base Case Data)	Such databases and lists, hereinafter referred to as Base Cases shall include all (1) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission <u>System</u> for which a transmission expansion plan has been submitted and approved by the applicable authority.	The deletion of databases and lists, hereinafter referred to as and all is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies the nature of Base Cases so that other relevant information could be included and excluded, depending on the technical nature of the study.
3.1 (General)	<p><u>Pursuant to ISO Tariff Section 5.7.1,</u> an Interconnection Customer shall submit to the ISO an Interconnection Request ...</p> <p><u>The ISO ...</u></p> <p>An Interconnection Customer shall submit to Transmission Provider<u>the ISO</u> an Interconnection Request in the form of Appendix 1 to this LGIP...</p> <p>... and a refundable deposit of \$10,000. Transmission Provider<u>The ISO</u> will forward the deposit and a</p>	<p>The insertion of <u>Pursuant to ISO Tariff Section 5.7.1,</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Tariff Section that applies to the submission of an Interconnection Request.</p> <p>The insertion of <u>The</u> is a Category 2 change which is consistent with or superior to the pro forma LGIP</p> <p>The deletion of Transmission Provider and insertion of <u>the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO receives, processes and manages the Interconnection Request process.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma</p>

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Section(s)	Changes	Justification for Change
	<p><u>copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt. The Participating TO shall apply the deposit toward the cost of an Interconnection Feasibility Study.</u></p> <p><u>The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must submit a deposit with each Interconnection Request...</u></p> <p><u>At Interconnection Customer's option, Transmission Providerthe Participating TO, the ISO and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate ...</u></p>	<p>LGIP because it specifies who is the Transmission Provider in this context: the Participating TO performs the Interconnection Feasibility Study and is entitled to reimbursement of costs.</p> <p>The insertion of <u>The ISO will forward the deposit and a copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt.</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it specifies the ISO, in processing the Interconnection Request, forwards applicable material to the Participating TO who will require it to fulfill its role specified in the LGIP.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer <u>throughout</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO, the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the Participating TO and the ISO participate in the Scoping meeting.</p>
3.2 Identification of Types of Interconnection Services	Pro forma Section 3.2 deleted.	The deletion of 3.2 Identification of Types of Interconnection Services is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this Section does not fit the service structure available in California under the FERC approved ISO Tariff. The service and product options have been conformed to fit the terminology and available service options available under the FERC approved ISO Tariff, while preserving the intent of the pro forma service options.
<u>3.2 (Roles and Responsibilities)</u>	(a) <u>For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO</u>	The insertion of (a) <u>For each Interconnection Request ... (b) Any applicable Participating TO will... (c) Each Interconnection Customer shall pay...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this

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Section(s)	Changes	Justification for Change
	<p><u>determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.</u></p> <p>(b) <u>Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.</u></p> <p>(c) <u>Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.</u></p>	<p>new section is added to clarify the roles and responsibilities of the ISO, the Participating TO and the Interconnection Customer. The language is similar to current ISO Tariff Section 5.7.4.2 – parts (a) (b) and (c). Part (d) of Section 5.7.4.2 is <u>not</u> added because the <i>pro forma</i> LGIP does not provide for the Interconnection Customer's option to perform studies.</p>
<p>3.2.4 ER Interconnection Service replaced by 3.3 Interconnection Service</p>	<p style="text-align: center;">Revised Section Title</p> <p>Energy Resource Interconnection Service <u>Interconnection Service</u></p>	<p>The deletion of Energy Resource Interconnection Service and insertion of <u>Interconnection Service</u> is a Category 4 and 5 change. This change is consistent with or superior to the pro forma LGIP because a generic base level interconnection service better describes the service that currently can be offered in California. This basic interconnection service is similar to the ER Interconnection Service described within Section 3 of the <i>pro forma</i> LGIP. The service and product options have been conformed to fit the terminology and available service options available under the FERC approved ISO Tariff, while preserving the intent of the pro forma service options.</p> <p>Additional discussion of this change is included in section IV.E of the transmittal letter accompanying this filing.</p>

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Section(s)	Changes	Justification for Change
<p>3.2.1.1 Energy Resource replaced by 3.3.1 <u>The Product</u></p>	<p>Energy Resource Interconnection Service allows Interconnection Customer to connect ...</p> <p>... the Large Generating Facility to the Transmission System <u>ISO Controlled Grid</u> and be eligible to deliver the Large Generating Facility's ...</p> <p>... output using the existing firm or non-firm available capacity of the Transmission System on an "as available" basis. <u>Energy Resource ISO Controlled Grid.</u></p> <p>Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point <u>point</u> of Delivery <u>delivery</u>.</p>	<p>The deletion of Energy Resource, here and again in this later Section is a Category 4 and 5 change. This change is consistent with or superior to the pro forma LGIP because a generic base level interconnection service better describes the service that currently can be offered in California. This basic interconnection service is similar to the ER Interconnection Service described within Section 3 of the <i>pro forma</i> LGIP. The service and product options have been conformed to fit the terminology and available service options available under the FERC approved ISO Tariff, while preserving the intent of the pro forma service options.</p> <p>The deletion of Transmission System and insertion of <u>ISO Controlled Grid</u> is a Category 1 and 2 change. This change is consistent with or superior to the pro forma LGIP because the basic level of interconnection is to the ISO Controlled Grid. (However, this basic level does not ensure the ability to deliver power <u>throughout</u> the ISO Controlled Grid.) The ISO controlled grid is comprised of the multiple transmission systems made available by each respective Participating TO.</p> <p>The deletion of existing firm or non-firm and Transmission System on an "as available" basis. <u>Energy Resource</u> and the insertion of <u>available</u> and <u>ISO Controlled Grid</u> is a Category 4 and 5 change. This change is consistent with or superior to the pro forma LGIP because "available capacity of the ISO Controlled Grid" more accurately reflects the service offered pursuant to the FERC-approved ISO Tariff and the terminology used by market participants in California</p> <p>The deletion of Point of Delivery and the insertion of <u>point of delivery</u> is a Category 8 change consistent with or superior to the pro forma LGIP because it is not a defined term in the LGIP and should therefore not be capitalized.</p>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
<p><u>3.2.1.2 The Study replaced by 3.3.2 The Interconnection Studies</u></p>	<p><u>The Interconnection Studies consist of, but are not limited to, short circuit/fault duty, ...</u></p> <p>... steady state (thermal and voltage) and stability analyses. <u>The Interconnection Studies will include short circuit/fault duty analysis would, steady state and stability analyses and will identify direct Interconnection Facilities and required and the Reliability Network Upgrades necessary to address short circuit, overload and stability issues associated with the requested Interconnection Facilities. The stability and steady state studies would Service.</u></p> <p><u>The Interconnection Studies will also identify necessary upgrades Delivery Network Upgrades to allow full output of the proposed Large Generating Facility under a variety of potential system conditions, and would also identify the maximum allowed output, at the time the study is performed under a variety of potential system conditions, of the interconnecting Large Generating Facility without requiring additional the Delivery Network Upgrades.</u></p>	<p>The insertion of <u>The Interconnection Studies consist of, but are not limited to</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this language is meant to include other studies that the Participating TO might undertake, with ISO concurrence, to assure the safe and reliable interconnection of the Large Generating Facility.</p> <p>The insertion of <u>Interconnection Studies will include, steady state and stability analyses and will</u>, the deletion of <u>analysis would and required</u>, the insertion of <u>and Reliability, overload and stability, and requested</u>, the deletion of <u>Facilities. The stability and steady state studies would</u> and insertion of <u>Service</u> are Category 5 changes. These changes are consistent with or superior to the pro forma LGIP because the language specifies the nature of the studies that are necessary to identify one of the two defined types of Network Upgrades, which have already been established under the ISO Tariff. These Reliability Network Upgrades are required to protect system reliability.</p> <p>The insertion of <u>The Interconnection Studies will also</u>, the deletion of <u>upgrades</u> and insertion of <u>Delivery Network Upgrades</u> is a Category 1 change. The deletion of <u>would also identify and at the time the study is performed</u>, and insertion of <u>under a variety of potential system conditions</u>, along with the deletion of <u>requiring additional</u> and insertion of <u>the Delivery</u> are Category 1 changes. These changes are consistent with or superior to the pro forma LGIP because the language differentiates the two defined types of Network Upgrades that have already been established under the ISO Tariff. This differentiation is significant because Reliability Network Upgrades are required to protect system reliability while Delivery Network Upgrades remain optional under this LGIP. Also, there are a variety of conditions that will be analyzed in the technical interconnection studies.</p>

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Section(s)	Changes	Justification for Change
<p><u>3.2.2 NR Interconnection Service</u> replaced by <u>3.3.3 Deliverability Assessment</u></p>	<p>New Section Added</p>	<p>The deletion of <u>3.2.2 NR Interconnection Service</u> and insertion of <u>3.3.3 Deliverability Assessment</u> is a Category 4 change. This change is consistent with or superior to the pro forma LGIP because The California Public Utilities Commission (CPUC) is developing a resource adequacy obligation for utilities. Without such an obligation, the concept of NR Interconnection Service has no meaning in California. The Deliverability Assessment described within this section is the closest practical substitute to the NR Interconnection Service concept in the <i>pro forma</i> LGIP, and its addition to this LGIP anticipates and may complement possible action by the CPUC to impose a resource adequacy requirement. This Assessment provides the Interconnection Customer with useful information on the deliverability of a facility and the optional upgrades necessary for deliverability during the specific “on-peak” case. The service and product options have been conformed to fit the terminology and available service options available under the FERC approved ISO Tariff, while preserving the intent of the pro forma service options.</p> <p>Additional discussion of this change is included in section IV.F of the transmittal letter accompanying this filing.</p>
<p><u>3.2.2.4</u> replaced by <u>3.3.3.1 (The Product)</u></p>	<p>The Product—Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customer; or (2) in an ISO or RTO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service allows Interconnection Customer’s Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility’s full output, on the same basis as all other existing Network Resources interconnected to Transmission Provider’s</p>	<p>The deletion of text beginning with The Product—Transmission Provider must conduct the necessary studies... and the insertion of insertion of text beginning with <u>The Product. A Deliverability Assessment will be performed which shall determine ...</u> is a Category 4 change. This change is consistent with or superior to the pro forma LGIP as the Deliverability Assessment described within this section is the closest practical substitute to the NR Interconnection Service concept in the <i>pro forma</i> LGIP, and its addition to this LGIP anticipates and may complement possible action by the CPUC to impose a resource adequacy requirement. This Assessment provides the Interconnection Customer with useful information on the deliverability of a facility and the optional upgrades necessary for deliverability during the specific “on-peak” case. The service and product</p>

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Section(s)	Changes	Justification for Change
	<p>Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.</p> <p><u>The Product. A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer 's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.</u></p> <p><u>Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.</u></p> <p><u>Deliverability of a new Large Generating Facility will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.</u></p>	<p>options have been conformed to fit the terminology and available service options available under the FERC approved ISO Tariff, while preserving the intent of the pro forma service options.</p>
<p>3.2.2.2 The Study replaced by 3.3.3.2 The Assessment</p>	<p>The Interconnection Study for Network Resource Interconnection Service shall assure that <u>The Deliverability Assessment will identify the facilities that are required to enable the Interconnection Customer's Large Generating Facility...</u></p>	<p>The deletion of The Interconnection Study for Network Resource Interconnection Service shall assure that and the insertion of insertion of <u>The Deliverability Assessment will identify the facilities that are required to enable the</u> is a Category 4 change. This change is consistent with or superior to the pro forma LGIP as Deliverability Assessment is essentially the same study as the study for NR Interconnection Service that is described in the <i>pro forma</i> LGIP.</p>

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Section(s)	Changes	Justification for Change
	<p>... meets to meet the requirements for Network Resource Interconnection Service <u>deliverability</u> and as a general matter, that such Large Generating Facility's ...</p> <p>... interconnection is also studied with Transmission Provider's Transmission System <u>the ISO Controlled Grid</u> at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on Transmission Provider's Transmission System <u>the ISO Controlled Grid</u>, consistent with Transmission Provider's <u>the ISO's</u> reliability criteria and procedures. This approach assumes that some portion of existing Network Resources are <u>resources that are designated as deliverable is</u> displaced by the output of <u>the</u> Interconnection Customer's Large Generating Facility.</p> <p>Network Resource Interconnection Service <u>This Deliverability Assessment</u> in and of itself does not convey...</p> <p>... any right to deliver electricity to</p>	<p>(See above item for explanation).</p> <p>The deletion of meets and Network Resource Interconnection Service and the insertion of <u>deliverability</u> is, again, a Category 4 change consistent with or superior to the pro forma LGIP because the requirements for deliverability described in the previous section are similar to NR Interconnection Service. Such deliverability requirements are studied upon the ISO Controlled Grid -- not just the Participating TO's transmission system -- and must be consistent with the ISO's reliability standards.</p> <p>The deletion of Transmission Provider's Transmission System and the insertion of <u>the ISO Controlled Grid</u>, throughout this Section, is a Category 2 change consistent with or superior to the pro forma LGIP because it specifies that the assessment of deliverability of energy is to and throughout the ISO Controlled Grid and not limited to the Participating TO's electric system.</p> <p>The deletion of Network Resources are and the insertion of <u>resources that are designated as deliverable is</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because there are no existing Network Resources in California. With this Deliverability Assessment, the ISO will be able to designate existing facilities that qualify as deliverable.</p> <p>The deletion of Network Resource Interconnection Service and the insertion of <u>This Deliverability Assessment</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP for the reasons provided in Section 3.3.3.1.</p> <p>The deletion of Point of Delivery and the</p>

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Section(s)	Changes	Justification for Change
	any specific customer or Point of Delivery <u>point of delivery.</u>	insertion of <u>point of delivery</u> is a Category 8 change consistent with or superior to the pro forma LGIP because it is not a defined term in the LGIP and should therefore not be capitalized.
<u>3.4 Network Upgrades</u>	New Section Added	The insertion of this new section is a Category 5 change. This change is consistent with or superior to the pro forma LGIP. It is added to implement the pricing policy approved by the ISO Governing Board on Dec. 4, 2003. Additional discussion of this change is included in sections IV.G and IV.I of the transmittal letter accompanying this filing.
<u>3.4.1 Initial Funding</u>	<u>Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.</u>	The insertion of this new section and text that begins with <u>Unless the Participating TO elects...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this language asserts that initial funding for Network Upgrades should come from the Interconnection Customer consistent with Article 11.3 of the pro forma LGIA. This language also references the ISO Tariff to allow for specific circumstances where the Participating TO might fund certain Network Upgrades.
<u>3.4.2 Economic Test for Network Upgrades</u>	<u>The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000 per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.</u>	The insertion of this new section and text that begins with <u>The ISO will review the economic viability of Network Upgrades...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it implements the economic test to be performed by the ISO on Network Upgrades with significant costs. To protect ratepayers from paying for egregiously expensive projects, the ISO will compare the costs and benefits of Network Upgrades, and refunds would be allowed only for those projects with economic value. Additional discussion of this change is included in section IV.H of the transmittal letter accompanying this filing.
<u>3.4.3 Refund of Amounts Advanced for Network Upgrades</u>	<u>Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a refund for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those</u>	The insertion of this new section and text that begins with <u>Upon the Commercial Operation Date ...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it is similar to language in Section 11.4.1 of the <i>pro forma</i> LGIA. Implements refund policy, allows for

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Section(s)	Changes	Justification for Change
	<p><u>Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund of such payment. The Interconnection Customer may assign such refund rights to any person.</u></p> <p><u>Instead of direct payments, the Interconnection Customer may elect, to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.</u></p> <p><u>The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for refund payments, to the extent such FTRs or alternative rights are available</u></p>	<p>alternative payment schedules, allows for the Interconnection Customer to receive FTRs instead of direct payments, and provides for cases where Network Upgrades are funded but no refunds are granted until commercial operation commences.</p> <p>Additional discussion of this change is included in section IV.G of the transmittal letter accompanying this filing.</p>

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Section(s)	Changes	Justification for Change
	<u>under the ISO Tariff.</u>	
3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.		The insertion of this new section is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it provides similar to language in Section 11.4.2 of the <i>pro forma</i> LGIA.
3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.	<p><u>The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the repayment by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.</u></p> <p><u>Any repayment by the owner of the Affected System shall be in accordance with paragraphs 636-639 of FERC Order No. 2003-A (106 FERC ¶ 61,220).</u></p> <p>Refunds are to be paid without regard to whether the Interconnection Customer contracts for transmission service on the Affected System. If the Interconnection Customer does not contract for transmission service, and in the absence of another mutually agreeable payment schedule, refunds shall be established at a level equal to the Affected System's rate for firm point-to-point transmission service multiplied by the output of the Large Generating Facility assumed in the Interconnection Facilities Study. All refunds must be paid within five years of the Commercial Operation Date.</p>	The insertion of this new text that begins with <u>The Interconnection Customer shall enter into an agreement ... and the deletion of text that begins with Refunds are to be paid without regard...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it is similar to language in Section 11.4.2 of the <i>pro forma</i> LGIA.

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Section(s)	Changes	Justification for Change
3.3 replaced by 3.5 (Valid Interconnection Request)		The deletion of 3.3 and insertion of <u>3.5</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it renumbers the section as needed.
3.3 replaced by 3.5.1 (Valid Interconnection Request)	<p>(i) a \$10,000 deposit, (ii) a completed application in the form of <u>LGIP</u> Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000.</p> <p>Such deposits shall<u>may</u> be applied toward any Interconnection Studies pursuant to the Interconnection Request. If <u>the</u> Interconnection Customer demonstrates Site Control within the cure period specified in <u>LGIP</u> Section 3.3.3<u>3.5.3</u> after submitting its Interconnection Request,</p> <p>... planning process, the process window for Transmission Provider<u>the</u></p>	<p>The insertion of <u>LGIP</u> throughout this Section is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this language specifies that the referenced Appendix is part of this LGIP.</p> <p>The deletion of shall and insertion of <u>may</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the Interconnection Customer is provided an option to use the deposit toward the cost of performing the Interconnection Studies.</p> <p>The Section renumbering is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it renumbers the section as needed.</p> <p>The deletion of Transmission Provider insertion of <u>the ISO</u> throughout this Section</p>

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Section(s)	Changes	Justification for Change
	<p><u>ISO's</u> expansion planning period) not to exceed seven years from the date the ...</p> <p>... Interconnection Request is received by Transmission Provider<u>the ISO</u>, unless <u>the</u> Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by Transmission Provider<u>the ISO</u> by a period up to ten years, or longer where <u>the</u> Interconnection Customer, <u>the applicable Participating TO</u> and Transmission Provider<u>the ISO</u> agree, such agreement not to be unreasonably withheld.</p>	<p>is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO's planning period is the most appropriate for the purposes described in this language.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of the term the <u>applicable Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because, as an active participant in the interconnection process, it is appropriate that the applicable Participating TO have input into the decision of whether to extend In-Service Dates.</p>
<p><u>3.3.2</u> replaced by <u>3.5.2</u> <u>Acknowledgment of Interconnection Request</u></p>	<p>Transmission Provider <u>The ISO</u> shall acknowledge receipt of the Interconnection Request within five (5) <u>six (6)</u> Business Days of receipt of the request</p>	<p>The deletion of Transmission Provider insertion of <u>The ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because, as the initial receiver and independent coordinator of the Interconnection Request, the ISO shall communicate receipt acknowledgement. The deletion of five (5) and the insertion of <u>six (6)</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP as one (1) day is added to reflect ISO processing and time to forward the Interconnection Request to the Participating TO.</p>
<p><u>3.3.3</u> replaced by <u>3.5.3</u> <u>(Deficiencies in Interconnection Request)</u></p>	<p>An Interconnection Request will not be considered to be a valid request until all items in <u>LGIP</u> Section 3.3.4<u>3.5.1</u> have been...</p>	<p>The insertion of <u>LGIP</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the appropriate document being referenced.</p> <p>The Section renumbering 3.3.4<u>3.5.1</u>, 3.3.3<u>3.5.3</u> and 3.6.3.8 referenced in this Section is a Category 5 change. This change is consistent with or superior to the</p>

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Section(s)	Changes	Justification for Change
	<p>... received by Transmission Provider<u>the ISO</u> and are deemed complete by the applicable <u>Participating TO and the ISO</u>. If an Interconnection Request fails to meet the requirements set forth in <u>LGIP Section 3.3.1</u>, Transmission Provider<u>3.5.1</u>, the ISO shall notify <u>the Interconnection Customer</u> within five<u>six (6)</u> Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. <u>The Interconnection Customer</u> shall provide Transmission Provider<u>the ISO</u> the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by <u>the Interconnection Customer</u> to comply with this <u>LGIP Section 3.3.3.5.3</u> shall be treated in accordance with <u>LGIP Section 3.6.3.8</u>.</p>	<p>pro forma LGIP because it renumbers the section as needed.</p> <p>The deletion of Transmission Provider and insertion of <u>ISO</u> and are deemed complete by the applicable <u>Participating TO and the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: The ISO and the Participating TO together will determine completeness of the Interconnection Request.</p> <p>The deletion of five (5) and insertion of <u>six (6)</u> is a Category 2 change made to be consistent with the change described in Section 3.5.2 above.</p> <p>The deletion of Transmission Provider insertion of <u>the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: where the ISO is the lead on the processing of the Interconnection Requests.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
<p>3.3.4<u>3.5.4</u> Scoping Meeting</p>	<p>Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider<u>the applicable Participating TO, in coordination with the ISO</u>, shall establish a date agreeable to <u>the Interconnection Customer</u> ...</p> <p>... analyze such information and to determine the potential feasible Points of Interconnection. Transmission Provider<u>The Participating TO, the ISO and the Interconnection Customer</u> will ...</p> <p>... reasonably required to accomplish the purpose of the meeting. Transmission Provider<u>The Participating TO, the ISO and the Interconnection Customer</u> will also</p>	<p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO, in coordination with the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the Participating TO will be the primary organization performing the Feasibility Study as it interconnects to the Participating TO's portion of the ISO Controlled Grid. The ISO will be involved as required. This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The deletion of Transmission Provider and the insertion of <u>The Participating TO, the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies in this context that</p>

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Section(s)	Changes	Justification for Change
	<p>bring to the meeting ...</p> <p>... Point of Interconnection, pursuant to <u>LGIP</u> Section 6.1, and one or more available alternative Point(s) of Interconnection. ...</p> <p><u>The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.</u></p>	<p>the Transmission Provider is made up of both the ISO and Participating TO in establishing initial communications, and analyzing and selecting Point of Interconnection(s). This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The insertion of text beginning with <u>The Participating TO shall prepare minutes from the meeting, verified ...</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP. It is added to insure that Scoping Meeting information is captured and study results or expectations are formulated. This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
<p>3.4 OASIS<u>3.6 Internet Posting</u></p>	<p>Transmission Provider<u>The ISO will maintain on its OASIS</u>the ISO Home Page a list of all Interconnection Requests. ...</p> <p>... Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested; and (vii) the availability of any studies related to the Interconnection Request; <u>(vii) the date of the Interconnection Request;</u> (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (xix) for Interconnection Requests that have</p>	<p>The deletion of Transmission Provider and insertion of <u>The ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because the ISO will continue to manage and post the Interconnection Queue on its public website.</p> <p>The deletion its OASIS and insertion of <u>the ISO Home Page</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the location of the list of all Interconnection Requests to be posted on its public website.</p> <p>The deletion of type of Interconnection Service being requested; and (vii) the and the insertion of <u>(vii) the date of the Interconnection Request</u> and the deletion of date of the Interconnection Request; (ix) the is a Category 4 change that is consistent with or superior to the pro forma LGIP because the Interconnection Customer does not choose Energy or Network Interconnection Service in this LGIP and therefore there is a realignment of the Internet post list.</p>

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	<p>not resulted in a completed interconnection, an explanation as to why it was not completed.</p> <p>The list will not disclose the identity of <u>the</u> Interconnection Customer until <u>the</u> Interconnection Customer executes ...</p> <p>... an LGIA or requests that Transmission Provider<u>the Participating TO</u> file an unexecuted LGIA with FERC.</p> <p>Before holding<u>The ISO shall post on the ISO Home Page an advance notice whenever a Scoping Meeting will be held with its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site an Affiliate of a Participating TO.</u></p> <p><u>The ISO shall post to the ISO Home Page</u> any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Provider's OASIS site<u>the ISO Home Page</u> subsequent to the meeting between<u>among the Interconnection Customer, the Participating TO and Transmission Provider</u>the ISO to discuss the applicable study results. Transmission Provider<u>The ISO</u> shall also post any known deviations in the Large Generating Facility's In-Service Date.</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and the insertion of <u>the Participating TO</u> is a Category 2 change, which is consistent with or superior to the pro forma LGIP as the responsibility for filing an executed LGIA with FERC will be the Participating TO's.</p> <p>The deletion of Before holding and its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site and the insertion of The ISO shall post on the ISO Home Page an advance notice whenever and will be held and an Affiliate of a Participating TO is a Category 5 change which is consistent with or superior to the pro forma LGIP because the posting of a Scoping Meeting with an affiliate will be made public, in advance, on the ISO public website.</p> <p>The insertion of <u>The ISO shall post to the ISO Home Page</u> is a Category 2 change and is consistent with or superior to the pro forma LGIP because the ISO will continue to manage and post the Interconnection Request data and Queue on its public website.</p> <p>The deletion of Transmission Provider's OASIS site and insertion of <u>the ISO Home Page</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because The ISO will continue to manage and post the Interconnection Queue on its public website.</p> <p>The deletion of between and the insertion of <u>among the</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it reflects that there are three (3) parties involved in the process. This</p>

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Section(s)	Changes	Justification for Change
3.5 replaced by 3.7 (Coordination with Affected Systems)	<p>Transmission Provider<u>The ISO will notify the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer.</u></p> <p><u>. to the extent possible, and, if possible, the Participating TO will include</u></p> <p><u>the</u> Interconnection Customer as required by this LGIP. <u>The</u> Interconnection Customer will cooperate</p> <p><u>. including signing separate study agreements with Affected System owners and paying for necessary studies...</u></p> <p><u>An entity</u> which may ...</p> <p>Transmission Provider</p> <p>shall cooperate with Transmission</p>	<p>reflects the joint efforts of the ISO and Participating TO's.</p> <p>The deletion of Transmission Provider and insertion of <u>The ISO</u>, throughout, is a Category 2 change. The insertion of text beginning with <u>will notify the Affected System Operators...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the ISO will coordinate the process with Affected Systems, and will notify Affected System Operators that may be affected by an interconnection to the ISO Controlled Grid.</p> <p>The insertion of <u>to the extent possible, and the Participating TO will</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the ISO will coordinate the process with Affected Systems, and will notify Affected System Operators that may be affected by an interconnection to the ISO Controlled Grid.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of text beginning with <u>including signing separate study ...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because Affected System Operators may need to perform interconnection studies for their system.</p> <p>The insertion of <u>entity</u> and deletion of Transmission Provider are Category 2 changes. These changes are consistent with or superior to the pro forma LGIP because the changes specifies who the Transmission Provider is in this context, and reflects that an Affected System may include non-jurisdictional entities.</p> <p>The deletion of Transmission Provider and with whom interconnection has been requested and insertion of <u>the ISO</u> is a</p>

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Section(s)	Changes	Justification for Change
	<p>Provider the ISO with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.</p>	<p>Category 2 change. This change is consistent with or superior to the pro forma LGIP because the change would specify who the Transmission Provider is in this context, and that the ISO will coordinate with Affected Systems.</p>
<p><u>3.8</u> Withdrawal</p>	<p><u>The Interconnection</u></p> <p>Transmission Provider the ISO and the applicable Participating TO.</p> <p><u>LGIP Section 13.5 (Disputes), Transmission Provider the ISO shall deem ...</u></p> <p><u>...and shall provide written notice to the Interconnection Customer within five (5) Business Days of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal.</u></p> <p>Upon receipt of such written notice, <u>the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify Transmission Provider the Participating TO and the ISO of its intent to pursue Dispute Resolution.</u></p>	<p>The insertion of <u>the</u> in front of Interconnection Customer <u>throughout</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and the insertion of <u>the ISO and the applicable Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the ISO and Participating TO should be notified of withdrawal in writing. Both have responsibilities that are affected by a withdrawal of an Interconnection Request. This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The insertion of <u>LGIP</u> as well as the deletion of Transmission Provider and insertion of <u>ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: in its role and coordinator and overseer of this interconnection process, the ISO is the entity that decides if the Interconnection Request forfeits its place in the queue and withdraws. This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The insertion of <u>within five (5) Business Days</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies a time period for providing written notice.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the Participating TO and the ISO will be affected and both should be notified if Dispute Resolution is pursued.</p>

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	<p>Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, <u>if any</u>.</p> <p>Interconnection Request shall pay to Transmission Provider <u>the Participating TO</u> all costs</p> <p><u>or irrevocably has committed to be incurred</u> with respect to that Interconnection Request</p> <p>Transmission Provider <u>The ISO</u> shall</p> <p>update the OASIS <u>ISO Home Page</u> Queue Position posting</p> <p>and (ii). <u>The Participating TO shall</u> refund to</p> <p>Transmission Provider <u>the Participating TO</u> has incurred, including interest calculated in</p>	<p>The insertion of <u>if any</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it is added to clarify that an Interconnection Customer may withdraw or be withdrawn prior to having an established Queue position.</p> <p>The deletion of Transmission Provider and insertion of <u>Participating TO</u> throughout is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context.</p> <p>The insertion of <u>or irrevocably has committed to be incurred</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the Participating TO may incur, or irrevocably commit to incur, study costs prior to an Interconnection Customer's withdrawal.</p> <p>The deletion of Transmission Provider and insertion of <u>The ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because the change would specify whom the Transmission Provider is in this context.</p> <p>The deletion of OASIS and the insertion of <u>ISO Home Page</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the ISO will continue to manage and post the Interconnection Queue on its public website.</p> <p>The insertion of <u>The Participating TO shall</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Participating TO manages its accounting interaction with the Interconnection Customer and reconciles payments and credits for study work performed.</p> <p>The deletion of Transmission Provider and insertion of <u>Participating TO</u> is a Category 2 change. This change is consistent with or</p>

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Section(s)	Changes	Justification for Change
	<p>accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal,</p> <p>Transmission Provider<u>the Participating TO and ISO</u>, subject to the confidentiality provisions of</p> <p><u>LGIP</u> Section 13.1, shall provide, at <u>the</u> Interconnection Customer's request,</p>	<p>superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the Participating TO manages its accounting interaction with the Interconnection Customer and reconciles payments and credits for study work performed.</p> <p>The deletion of Transmission Provider and insertion of <u>Participating TO and the ISO throughout</u>, is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the LGIP as the source for Section 13.1.</p>
4.1 General (Queue Position)	<p>Transmission ProviderThe ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Interconnection Customer provides such information in accordance with <u>LGIP</u> Section 3.3.5.3, then Transmission Provider the ISO shall assign the Interconnection Customer a Queue Position ...</p>	<p>The deletion of Transmission Provider and insertion of <u>the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context. In this case, the ISO coordinates the queue.</p> <p>The insertion of <u>LGIP</u> and the change to the section number is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it removes any ambiguity regarding what section of what document is being referred to.</p>
4.1 General (Queue Position)	<p>A higher queued <u>Queue Position</u> Interconnection Request is one that has been placed "earlier" in the <u>ISO's</u> queue ...</p>	<p>The deletion of queued and insertion of <u>Queue Position</u> and <u>ISO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the Queue Position refers to Interconnection Requests in the ISO's queue.</p>
4.1 General (Queue Position)	<p>Transmission Provider may allocate the <u>Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer.</u></p>	<p>The deletion of Transmission Provider may allocate the and the insertion of text beginning with <u>Factors other than Queue Position ...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it reiterates the Commission conclusions in Order 2003</p>

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		<p>(¶144) that the studies take into account other factors (such as interconnection requests other than those under the LGIP) in order to properly determine cost responsibilities.</p>
<p>4.2 (Clustering)</p>	<p>At Transmission Provider' the ISO's option and with concurrence of the applicable Participating TO,</p> <p>Transmission Provider elects the Participating TO and the ISO elect</p> <p>whether Energy Resource Interconnection Service or Network Resource Interconnection Service.</p> <p><u>LGIP Section 7.4,</u></p> <p>Transmission Provider may<u>The Participating TO and ISO may agree to study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.</u></p>	<p>The deletion of Transmission Provider and insertion of <u>the ISO's</u> and <u>and with concurrence of the applicable Participating TO,</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO will direct for clustered studies to be performed if the Participating TO agrees.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO and the Participating TO will agree together whether to proceed with clustered studies.</p> <p>The deletion of whether ER Interconnection Service or NR Interconnection Service. is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this language deletes the names of the types of Interconnection Service, which are not being used within the ISO Controlled Grid.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the document wherein that Section 7.4 is located.</p> <p>The deletion of Transmission Provider may and insertion of <u>The Participating TO and ISO may agree to</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO and the Participating TO will agree together whether to proceed</p>

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	<p>Transmission System<u>transmission system</u>'s capabilities at the time of each study.</p> <p>Transmission Provider's OASIS<u>the ISO Home Page</u></p>	<p>with clustered studies.</p> <p>The deletion of Transmission System and the insertion of <u>transmission system</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the defined term "Transmission System" as used in the FERC pro forma LGIP has been replaced with the existing ISO Tariff defined term "ISO Controlled Grid" and is consequently not used in the LGIP, therefore capitalization of the term is not required.</p> <p>The deletion of Transmission Provider's OASIS and insertion of <u>ISO Home Page</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO's website is the location for public notice of queue information</p>
<p>4.4 (Modifications)</p>	<p><u>The</u> Interconnection Customer shall submit to</p> <p>Transmission Provider <u>the ISO</u>, in writing, modifications to any information provided in the Interconnection Request.</p> <p><u>The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt. The Interconnection Customer ...</u></p> <p>...in accordance with <u>LGIP</u> Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to <u>LGIP</u></p>	<p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the ISO coordinates the queue and is the central recipient of Large Generator Interconnection Requests and information related to changes to Interconnection Requests within the queue.</p> <p>The insertion of text beginning with <u>The ISO will forward the Interconnection Customer's modification ...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it In its role as coordinator of the queue, the ISO (immediately) forwards relevant information to the applicable Participating TO.</p> <p>The insertion of <u>LGIP</u> throughout this section a Category 5 change. This change is consistent with or superior to the pro</p>

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	<p>Section 4.4.3.</p> <p>the Participating TO, or Transmission Provider <u>the ISO</u> may identify changes...</p> <p>To the extent the identified changes are acceptable to Transmission Provider <u>the Participating TO, the ISO, ...</u></p> <p>Transmission Provider <u>the Participating TO and/or the ISO</u> shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with <u>LGIP Section 6.4, LGIP Section 7.6 and LGIP Section 8.5</u> as applicable and <u>the</u> Interconnection Customer shall retain its Queue Position.</p>	<p>forma LGIP because it specifies the document wherein Section 7.4 is located.</p> <p>The deletion of or the Transmission Provider and insertion of <u>the Participating TO, or the ISO</u> throughout this section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the Participating TO and ISO can suggest changes that improve costs and benefits of the interconnection.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO, the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the ISO and the Participating TO should be acceptable to modifications in the point of interconnection.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/ or the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: either or both the ISO and the Participating TO, depending upon where the Interconnection Request is within the interconnection process, should modify the point of interconnection. This reflects the joint efforts of the ISO and Participating TO's.</p>
<p>4.4.1 (Modifications)</p>	<p>Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider <u>the Participating TO, ...</u></p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the Participating TO receives the executed System Impact Study Agreement.</p>
<p>4.4.2 (Modifications)</p>	<p>Prior to the return of the executed Interconnection Facility Study Agreement to Transmission Provider <u>the Participating TO, ...</u></p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: the Participating TO receives the executed System Impact Study Agreement.</p>

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4.4.3 (Modifications)	<p>Prior to making any modification other than those specifically permitted by <u>LGIP</u> Sections 4.4.1, 4.4.2, and 4.4.5,</p> <p>Transmission Provider the Participating TO and the ISO evaluate whether such modification is a Material Modification. In response to the <u>the</u> Interconnection Customer's request, Transmission Provider the Participating TO and the ISO</p> <p>shall evaluate the proposed modifications prior to making them and inform <u>the</u> Interconnection Customer ... <u>The</u> Interconnection Customer may then withdraw ...</p>	<p>The insertion of <u>LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the document that Sections 4.4.1, 4.4.2 and 4.4.5 are located.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and the ISO</u> throughout this section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: both the Participating TO and the ISO would evaluate the proposed modification. This reflects the joint efforts of the ISO and Participating TO's.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p>
4.4.4 (Modifications)	<p>Upon receipt of <u>the</u> Interconnection Customer's request for modification permitted under this <u>LGIP</u> Section 4.4...</p> <p>... Transmission Provider the Participating TO and/or ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Transmission Provider the Participating TO and/or ISO commence such studies later than thirty ...</p>	<p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies the document that Sections 4.4.1 is located.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/or ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: depending on the circumstance, either the ISO or the Participating TO may perform the studies. The Participating TO typically performs the studies, however, the ISO also may, at times, perform studies.</p>
5.1.1	<p>Any Interconnection Customer assigned a Queue Position<u>queue position</u> prior to the effective date of</p>	<p>The change of Queue Position in one case to <u>queue position</u> and in another case to <u>relative queue position</u> is a Category 5</p>

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	<p>this LGIP shall retain that Queue Position<u>relative queue position</u>.</p>	<p>change. This change is consistent with or superior to the pro forma LGIP because the change reflects that this applies to pending requests not in the LGIP queuing process -- and to be consistent with the lower-casing of other terms in the subsections of Section 5.1.</p>
5.1.1.1	<p>Agreement <u>agreement</u> has not been executed</p>	<p>The deletion of Agreement and the insertion of <u>agreement</u> Category 5 change. This change is consistent with or superior to the pro forma LGIP because this is not a defined term.</p>
5.1.1.2	<p>If an Interconnection Study Agreement <u>agreement</u>Customer has not signed an Interconnection Study Agreement <u>agreement</u> prior to the effective date of the LGIP...</p> <p>Transmission Provider <u>the Participating TO</u> must offer</p> <p><u>the</u> Interconnection Customer the option of either continuing under</p>	<p>The deletion of Agreement and the insertion of <u>agreement</u> throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this is not a defined term.</p> <p>The deletion of Transmission Provider and insertion of <u>Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
5.1.1.3	<p>If an LGIA <u>agreement to interconnect a Generating Unit</u> has been submitted to the Commission <u>FERC</u> for approval before the effective date of the LGIP, then the LGIA <u>agreement</u> would be grandfathered.</p>	<p>The deletion of LGIA and insertion of <u>agreement to interconnect a Generating Unit</u> is a Category 5 change. The deletion of the Commission and insertion of <u>FERC</u> is a Category 5 change. The deletion of LGIA and insertion of <u>agreement</u> is a Category 5 change. These changes are consistent with or superior to the pro forma LGIP because they clarify that interconnection agreements, other than an LGIA, may be submitted to FERC prior to implementation of the LGIP.</p>
5.1.2 (Transition Period)	<p>To the extent necessary, Transmission Provider <u>the Participating TO and/or the ISO</u> and Interconnection Customers with an outstanding request</p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/ or the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who is the Transmission Provider in this context: either or both the ISO and the Participating TO, depending upon where the Interconnection Request is within the interconnection process. This reflects the joint efforts of the</p>

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Section(s)	Changes	Justification for Change
	<p>(i.e., an Interconnection Request <u>interconnection request or application</u> for which an...</p> <p>for which an LGA <u>agreement to interconnect a Generating Unit</u> has not been submitted to FERC for approval ...</p> <p>The use of the term "outstanding request" herein shall mean any Interconnection Request <u>interconnection request or application</u>, ...</p> <p>by Transmission Provider <u>the ISO or the Participating TO</u>; (ii) where the related interconnection agreement...</p> <p>Interconnection Study Agreements <u>interconnection study agreements</u></p>	<p>ISO and Participating TO's.</p> <p>The change to lower-case of Interconnection Request <u>interconnection request</u> and the addition of the words <u>or application</u> is a Category 5 change. These changes are consistent with or superior to the pro forma LGIP because they clarify that this applies to pending requests not in the new LGIP queuing process -- and to be consistent with the lower-casing of other terms in the subsections of Section 5.1.</p> <p>The deletion of LGA and insertion of <u>agreement to interconnect a Generating Unit</u> is a Category 5 change. These changes are consistent with or superior to the pro forma LGIP because they clarify that interconnection agreements other than an LGA may be submitted to FERC prior to implementation of the LGIP.</p> <p>The deletion of Interconnection Request and the insertion of <u>interconnection request or application</u> throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that other interconnection requests may exist that could be affected by a transition period prior to implementation of the LGIP, including pending requests not in the new LGIP queuing process.</p> <p>The deletion of Transmission Provider and insertion of <u>ISO or the Participating TO</u> is a Category 2 change. The deletion of the Commission and insertion of <u>FERC</u> is a Category 5 change. These changes are consistent with or superior to the pro forma LGIP because they clarify that other interconnection agreements may exist that could be affected by a transition period prior to implementation of the LGIP.</p> <p>The deletion of Interconnection Study Agreements and the insertion of <u>interconnection study agreements</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because interconnection study agreements is not a defined term, and thus, it is consistent with the format of the LGIP</p>

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Section(s)	Changes	Justification for Change
	<p>relevant Interconnection Studies <u>interconnection studies</u></p> <p>Transmission Provider the Participating TO or ISO, as applicable, to the extent consistent with the intent and process provided for under this LGIP.</p>	<p>that it be in lower case.</p> <p>The deletion of Interconnection Studies and the insertion of <u>interconnection studies</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that other interconnection studies may exist that could be affected by a transition period prior to implementation of the LGIP.</p> <p>The insertion of <u>the Participating TO or ISO, as applicable</u> is a Category 2 change. This change is consistent with or superior to the pro forma because it specifies who is the Transmission Provider in this context.</p>
5.2	<p>If Transmission Provider the Participating TO transfers control...</p> <p>...Transmission System <u>portion of the ISO Controlled Grid</u></p> <p>. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection, as appropriate.</p> <p>The original Transmission Provider <u>The original Participating TO</u> shall coordinate with the successor</p> <p>Transmission Provider <u>Participating TO and ISO</u> to complete any Interconnection Study...</p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO throughout</u> is a Category 2 change. This change is consistent with or superior to the pro forma because it specifies who is the Transmission Provider in this context.</p> <p>The deletion of Transmission System and the insertion of <u>portion of the ISO Controlled Grid</u> is a Category 5 change. This change is consistent with or superior to the pro forma because it clarifies which part of the Transmission System in this context is used.</p> <p>The deletion of text beginning with Any difference between such net amount is a Category 5 change. This change is consistent with or superior to the pro forma because the language in this deletion is ambiguous and the pro forma study agreements contain assignment provisions that address this issue.</p> <p>The deletion of The original Transmission Provider and insertion of <u>The original Participating TO throughout</u> is a Category 2 change. This change is consistent with or superior to the pro forma because it specifies who is the Transmission Provider in this context.</p> <p>The deletion of Transmission Provider and the insertion of <u>the Participating TO and ISO</u> is a Category 2 change. This change is</p>

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Section(s)	Changes	Justification for Change
	<p>..If Transmission Provider. If the original Participating TO has tendered a draft LGIA to</p> <p><u>the</u> Interconnection Customer but <u>the</u> Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, <u>the</u> Interconnection Customer ...</p>	<p>consistent with or superior to the pro forma because it specifies both entities are involved in the Interconnection Study.</p> <p>The deletion of If Transmission Provider and the insertion of <u>If the original Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma because clarifies who is the Transmission Provider in this context.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer <u>throughout</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
<p>6.1 (Interconnection Feasibility Study Agreement)</p>	<p>... valid Interconnection Request Transmission Provider, the applicable Participating TO shall provide to <u>the</u> Interconnection Customer an ...</p> <p>...Interconnection Feasibility Study Agreement in the form of Appendix 2.</p> <p>... specify that <u>the</u> Interconnection Customer the Scoping Meeting, <u>the</u> Interconnection Customer ...</p> <p>Within five (5) Business Days following Transmission Provider <u>the applicable Participating TO's</u> ..</p>	<p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO</u> throughout is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides, and receives the Interconnection Feasibility Study Agreement, unless otherwise determined in accordance with Section 6.3.</p> <p>The deletion of in the form of Appendix 2 is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the Interconnection Feasibility Study Agreement is separate and is not attached as an Appendix to this LGIP.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer <u>throughout</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIA.</p> <p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO</u> throughout is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides, and</p>

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	<p>receipt of such designation, Transmission Provider shall tender the Participating TO in coordination with the ISO shall provide to the Interconnection Customer the a signed Interconnection Feasibility Study Agreement signed by Transmission Provider, ...</p> <p>which includes <u>shall include</u> a good faith estimate of the cost for completing the Interconnection Feasibility Study.</p> <p><u>The</u> Interconnection Customer shall execute...</p> <p>and deliver to Transmission Provider <u>the Participating TO</u> the Interconnection Feasibility Study Agreement...</p> <p>along with a <u>an additional</u> \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.</p>	<p>receives the Interconnection Feasibility Study Agreement, unless otherwise determined in accordance with Section 6.3.</p> <p>The deletion of Transmission Provider shall tender, insertion of <u>the Participating TO in coordination with the ISO shall provide ... a signed</u>, and deletion of signed by Transmission Provider is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Participating TO develops, signs and provides the Feasibility Study Agreement with ISO direction and coordination, unless otherwise determined in accordance with Section 6.3.</p> <p>The deletion of includes and the insertion of <u>shall include</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP by providing proper tense.</p> <p>The insertion of <u>The</u> is a Category 5 change which is consistent with or superior to the pro forma LGIP</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides, and receives the Interconnection Feasibility Study Agreement, unless otherwise determined in accordance with Section 6.3.</p> <p>The insertion of <u>an additional</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP by clarifying to the Interconnection Customer that the deposit for the Interconnection Feasibility Study is in addition to the \$10,000 Interconnection Request deposit. The pro forma LGIP provides for a \$10,000 deposit to be included with the Interconnection Request, and a \$10,000 deposit to be delivered with the Interconnection Feasibility Study Agreement.</p>

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Section(s)	Changes	Justification for Change
	<p>... executed Interconnection Feasibility Study Agreement to Transmission Provider, the applicable Participating TO, the Interconnection Customer shall</p> <p>provide to the Participating TO and the ISO the technical data called for in <u>LGIP</u> Appendix 1, Attachment A.</p> <p>... a substitute Point of Interconnection identified by either the Interconnection Customer or Transmission Provider, the applicable Participating TO or ISO, and acceptable to the either others, such acceptance not to be unreasonably withheld,</p> <p>... without loss of Queue Position, and Rere-studies shall be ...</p> <p>... completed pursuant to <u>LGIP</u> Section 6.4 as applicable.</p> <p><u>If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected.</u></p> <p>For the purpose of this <u>LGIP</u> Section 6.1,</p> <p>... if Transmission Providerthe Participating TO, ISO and</p>	<p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO</u> throughout is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides, and receives the Interconnection Feasibility Study Agreement.</p> <p>The insertion of <u>to the Participating TO and the ISO</u> ... for in <u>LGIP</u> ... is consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer by specifying both the Participating TO and the ISO will receive the technical data.</p> <p>The deletion of either and deletion of Transmission Provider and insertion of <u>the applicable Participating TO or ISO</u> and insertion of <u>others</u> is a Category 2 change and is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context and adjusts the language to reflect more than two parties.</p> <p>Re-Studies revised to <u>re</u>-studies is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this is not a defined term.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change.</p> <p>Insertion of <u>If the Participating TO and the Interconnection Customer cannot agree...</u> is consistent with or superior to the pro forma LGIP because it provides for the ISO, as an overseer of the application and studies, to arbitrate a dispute involving the determination of "expected/unexpected results".</p> <p>Insertion of <u>LGIP</u> is a Category 5 change which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO, ISO</u> is a</p>

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Section(s)	Changes	Justification for Change
	<p>Interconnection Customer cannot agree on the substituted Point of Interconnection, then <u>the</u> Interconnection Customer may...</p> <p>... direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to <u>LGIP Section 3.3.4,3.5.4</u>, shall be the substitute.</p> <p>If <u>the</u> Interconnection Customer and Transmission Provider, <u>the applicable Participating TO and ISO</u> agree to forgo</p> <p>the Interconnection Feasibility Study, Transmission Provider will initiate <u>the applicable Participating TO will tender</u> an Interconnection System Impact Study ...</p> <p>... under <u>Agreement pursuant to the procedures specified in Section 7 of this LGIP and apply the \$10,000 deposit</u> deposits made in accordance with LGIP Section 3.5.1, in addition to the deposit made in accordance with LGIP Section 7, towards the Interconnection System Impact Study</p>	<p>Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies that both the Participating TO and ISO make up the Transmission Provider in this context.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change. The deletion 3.3.4, and insertion of <u>3.5.4</u>, is a Category 5 change that is consistent with or superior to the pro forma LGIP because it reflects a change in the referenced Section number.</p> <p>The deletion of and Transmission Provider and insertion of <u>the applicable Participating TO and ISO</u> is a Category 2 change and is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider is in this context, two parties.</p> <p>The deletion of Transmission Provider will initiate and insertion of <u>the Participating TO will tender</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides , and receives the Interconnection System Impact Study Agreement, unless otherwise determined in accordance with Section 7.4.</p> <p>The deletion of under and the insertion of <u>Agreement pursuant to the procedures specified in</u> and the deletion of \$10,000 deposit and insertion of <u>deposits made in accordance with LGIP Section 3.5.1, in addition to the deposit made in accordance with LGIP Section 7</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it clarifies that any deposits made in accordance with Section 3.5.1 (including the deposit for site control) will be applied to future studies and that the full deposit for the Interconnection System Impact Study will be due even if the Interconnection Feasibility Study is not performed.</p>
6.2 Scope of	... the proposed interconnection to the Transmission System <u>applicable</u>	The deletion of Transmission System and insertion of <u>applicable Participating TO's</u>

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Section(s)	Changes	Justification for Change
<p>Interconnection Feasibility Study</p>	<p><u>Participating TO's portion of the ISO Controlled Grid.</u></p> <p><u>If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.</u></p> <p>The Interconnection Feasibility Study will consider the Base Case<u>Cases</u> as well ...</p> <p>as all generating facilities (and with respect to (iii)<u>iv</u>), any identified Network Upgrades) that, ...</p> <p>... to the Transmission System<u>ISO Controlled Grid</u>; (ii) are interconnected to Affected Systems and may have an impact on...</p> <p>... the Interconnection Request; (iii)</p>	<p><u>portion of the ISO Controlled Grid</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it clarifies the fact that the ISO Controlled Grid is comprised of Transmission systems from multiple Transmission Owners.</p> <p>The insertion of <u>If it is reasonably practicable, the Interconnection Feasibility Study will ...</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because the scope of impact analysis spans the ISO Controlled Grid and is directed and overseen by the ISO. This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The revised text from singular Base Case to plural Bases Case<u>Cases</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it points out the fact that there is not a singular Base Case when looking at the overall ISO Controlled Grid as there are multiple Transmission Owners and Affected Systems.</p> <p>The deletion of iii and insertion of <u>iv</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it reflects the revision of (iii) and addition of a new (iv) to clarify there are pending requests in Affected Systems as well as higher queued requests in the ISO Controlled Grid that affect the Interconnection Studies. Planned generation projects connecting to Affected Systems that can impact the interconnection request should be modeled.</p> <p>The deletion of Transmission System and insertion of <u>ISO Controlled Grid</u> here and throughout the rest of this Section is a Category 5 change that is consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.</p> <p>The insertion of <u>request to interconnect to</u></p>

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	<p>have a pending <u>request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the Transmission System ISO Controlled Grid; ...</u></p> <p>... and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.</p> <p>The Interconnection Feasibility Study will consist of a power flow and short circuit analysis <u>on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries with other Participating TOs, but will not include an estimate of costs.</u></p> <p>The Interconnection Feasibility Study will provide a list of facilities <u>on the applicable Participating TO's portion of the ISO Controlled Grid</u> and a non-binding good faith estimate of cost responsibility ...</p> <p>and a non-binding good faith estimated time to construct. <u>In addition, the Interconnection Feasibility Study will describe what results are expected in the</u></p>	<p><u>an Affected System; (iv) have a pending ...</u> is a Category 6 Change that is consistent with or superior to the pro forma LGIP because it expands to include Interconnection Requests from Affected Systems which may impact the feasibility of interconnecting a new generator. Planned generation projects connecting to Affected Systems that can impact the interconnection request should be modeled to ensure reliability of the transmission system.</p> <p>The deletion of iv and insertion of <u>v</u>, or renumbering of "iv" is a Category 5 change that is consistent with or superior to the pro forma LGIP because it reflects the addition of a new (iv) to clarify there are pending requests in Affected Systems as well as higher queued requests in to the ISO Controlled Grid that affect the Interconnection Studies.</p> <p>The insertion of <u>on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will ...</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because the scope of impact analysis spans the ISO Controlled Grid and is directed and overseen by the ISO. This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The insertion of <u>applicable Participating TO's portion of the ISO Controlled Grid</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it clarifies the fact that the ISO Controlled Grid is comprised of Transmission systems from multiple Transmission Owners.</p> <p>The insertion of <u>In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.</u> is a Category 5 change that is consistent with or</p>

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Section(s)	Changes	Justification for Change
	<u>Interconnection System Impact Study.</u>	superior to the pro forma LGIP because the proposed language reflects the need to define what the expected results are for use in Section 7.2
6.3 Interconnection Feasibility Study Procedures.	<p>Transmission Provider<u>Prior to commencement of the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The applicable Participating TO and/or shall utilize existing studies to the ...</u></p> <p>...extent practicable when it performs<u>performing</u> the study. Transmission Provider<u>The applicable Participating TO and/or ISO shall use Reasonable Efforts ...</u></p> <p>to complete the a draft Interconnection Feasibility Study no later than ...</p> <p>... forty-five (45) Calendar Days after Transmission Provider<u>the Participating TO</u> receives the fully executed Interconnection Feasibility Study Agreement.</p>	<p>The deletion of Transmission Provider and insertion of <u>Prior to commencement of the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The applicable Participating TO and/is</u> a Category 5 change that is consistent with or superior to the pro forma LGIP because it clarifies to the Interconnection Customer that the ISO coordinates and directs responsibilities for the Interconnection Feasibility Study and makes clear that it is not expected to be the ISO that is performing the studies.</p> <p>The deletion of it performs and insertion of <u>performing</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it has been made clear earlier in the sentence as to “who” it is that’s performing the study.</p> <p>The deletion of Transmission Provider and insertion of <u>The applicable Participating TO and/or ISO</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may be perform the study.</p> <p>The deletion of the and insertion of <u>a draft</u> is a Category 5 change consistent with or superior to the pro forma LGIP because while providing a deliverable study document, it also indicates that there is availability of review and comment from all applicable parties.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> (throughout this Section) is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes, provides, and receives the Interconnection Feasibility Study Agreement.</p>

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	<p>At the request of <u>The Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO, and incorporate comments and issue a final Interconnection Feasibility Study to the Interconnection Customer within sixty (60) Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement. At the request of the Interconnection Customer or at any time...</u></p> <p>Transmission Provider <u>the Participating TO and/or ISO determines that it <u>the entity performing the study</u> will not meet the required time frame for ...</u></p> <p>...completing the Interconnection Feasibility Study, Transmission Provider <u>the Participating TO and/or ISO</u> shall notify <u>the</u> Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider <u>the Participating TO and/or ISO</u> is unable to complete the Interconnection Feasibility Study within that time period, it shall notify <u>the</u> Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.</p> <p>Upon request, Transmission Provider <u>the applicable Participating</u></p>	<p>The deletion of At the request of and insertion of <u>The Participating TO and ISO shall share study results for ...</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it specifies the additional time required for the review and coordinated oversight from the ISO of the Participating TO's study, and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs. Such review and coordinated oversight from the ISO should not reduce the amount of time the Participating TO has to perform the study.</p> <p>The deletion of Transmission Provider and insertion of <u>The applicable Participating TO and/or ISO</u> and the deletion of it and insertion of <u>the entity performing the study</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may be perform the study.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/or ISO</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may perform the study.</p> <p>The insertion of the word "<u>the</u>" throughout this section is a Category 5 change, which is consistent with or superior to the pro forma LGIA.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/or ISO</u></p>

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Section(s)	Changes	Justification for Change
	<p><u>TO and/or ISO</u> shall provide <u>the</u> Interconnection Customer ...</p> <p>...supporting documentation, workpapers and relevant power flow, <u>and</u> short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with <u>LGIP</u> Section 13.1.</p>	<p>is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may be perform the study.</p> <p>The deletion of and stability and associated grammar insertion of <u>, and</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP because the scope of an Interconnection Feasibility Study does not include stability analysis.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change which is consistent with or superior to the pro forma LGIP.</p>
6.3.1 Meeting with Transmission Provider <u>the Participating TO(s) and ISO</u>	Section renaming: Meeting with Transmission Provider <u>the Participating TO(s) and ISO</u>	The deletion of Transmission Provider and insertion of <u>the Participating TO(s) ISO</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that both the PTO and ISO will be involved in the Interconnection Feasibility Study review meeting.
6.3.1 Meeting with Transmission Provider <u>the Participating TO(s) and ISO</u>	Within ten (10) Business Days of providing an Interconnection Feasibility Study report to <u>the</u> Interconnection Customer, Transmission Provider <u>the applicable Participating TO, ISO, and the</u> Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study. <u>Any other potentially-impacted Participating TO shall also be included in the meeting.</u>	<p>The insertion of <u>the</u> in front of Interconnection Customer is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO, ISO,</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that both the PTO and ISO will be involved in the Interconnection Feasibility Study review meeting.</p> <p>The insertion of <u>Any other potentially-impacted Participating TO shall also be included in the meeting.</u> is a Category 6 change that is consistent with or superior to the pro forma LGIP because other potentially impacted Participating TOs should participate in the review meeting to ensure reliability of the transmission system by providing input regarding their affected system.</p>
6.4 Re-Study.	If Re-Study <u>re-study</u> of the Interconnection Feasibility Study ...	The deletion of Re-Study and insertion of <u>re-study</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because re-study is not a defined

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	<p>. queued project subject to <u>LGIP</u> Section 4.4, or re-designation of the Point of Interconnection pursuant to</p> <p><u>LGIP Section 6.1 Transmission Provider shall notify 6.1, or any other effective change in information which necessitates a re-study, the applicable Participating TO shall notify the Interconnection Customer...</u></p> <p><u>...in writing. Such Re-Study and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.</u></p> <p><u>Such re-study shall take not longer than forty-five (45) Calendar Days...</u></p> <p><u>... from the date of the notice. Any cost of Re-Study the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000</u></p>	<p>term.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of <u>6.1 Transmission Provider shall notify</u> and the insertion of <u>6.1, or any other effective change in information which necessitates a re-study, the applicable Participating TO shall notify the</u> is a Category 5 change that is consistent with or superior to the pro forma LGIP because it recognizes that a change to the electric system due to forced outages, significant events like earthquakes, retirement of lines, or retirement of power plants may trigger a re-study.</p> <p>The deletion of <u>in writing. Such Re-Study</u> and the insertion of <u>and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall...</u> text is a Category 5 change that is consistent with or superior to the pro forma LGIP because (1) it provides for status communication to all parties; (2) it provides the Interconnection Customer with clear options in deciding to proceed with the re-study or withdraw from the study process. If moving forward, it clarifies the Interconnection Customer's process and deposits that are in line with the original Interconnection Feasibility Study.</p> <p>The insertion of <u>Such re-study</u> here is a re-insertion of the previously deleted <u>Such Re-Study</u> to begin the next paragraph.</p> <p>The deletion of <u>of the notice. Any cost of Re-Study</u> and the insertion of <u>the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The</u></p>

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	<p><u>deposit. The applicable Participating TO and the ISO shall share study results for review, provide the study results for review and comment to any other potentially-impacted Participating TOs, incorporate comments, and issue a final study to the Interconnection Customer within sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the re-study shall be borne by the Interconnection Customer being re-studied.</u></p>	<p><u>applicable...</u> text is a Category 5 change that is consistent with or superior to the pro forma LGIP because (1) it specifies the timing of the re-study based on receipt of notice to continue and study deposit; (2) Additional time is required for the oversight and Control Area coordination review from the ISO of the Participating TO's study and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs (such review and coordinated oversight from the ISO should not reduce the amount of time the Participating TO has to perform the study) and (3) and to align the procedures with the initial Interconnection Feasibility Study process.</p>
<p>7.1 Interconnection System Impact Study Agreement.</p>	<p>Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously <u>Simultaneously</u> with the delivery...</p> <p>... of the Interconnection Feasibility Study to <u>the</u> Interconnection Customer, Transmission Provider<u>the applicable Participating TO</u> shall provide to <u>the</u> Interconnection Customer...</p>	<p>The deletion of Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously and the insertion of <u>Simultaneously</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the Interconnection System Impact Study Agreement should always be required.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer <u>throughout this section</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIA.</p> <p>The deletion of Transmission Provider and insertion of <u>the applicable Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO provides, receives, and executes the Interconnection System Impact Study Agreement (unless otherwise determined pursuant to Section 7.4).</p>

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	<p>... an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP...</p> <p>...<u>In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement.</u> The Interconnection System Impact Study Agreement shall provide that <u>the</u> Interconnection Customer shall compensate Transmission Provider <u>the Participating TO</u> for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following...</p> <p>... the Interconnection Feasibility Study results meeting, Transmission Provider <u>the Participating TO in coordination with the ISO</u> shall provide to Interconnection Customer <u>a signed System Impact Study Agreement which shall include</u> a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.</p>	<p>The deletion of in the form of Appendix 3 to this LGIP is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that such agreement is separate and is not attached as an Appendix to this LGIP.</p> <p>The insertion of <u>In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the scope of impact analysis spans the ISO Controlled Grid and is directed and overseen by the ISO. This clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO performs the Interconnection System Impact Study (unless otherwise determined pursuant to Section 7.4) and should therefore be paid.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO in coordination with the ISO ... a signed System Impact Study Agreement which shall include</u>, is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies that the Participating TO develops, signs and provides the System Impact Study Agreement with ISO direction and coordination.</p>
<p>7.2 Execution of Interconnection System Impact Study Agreement.</p>	<p><u>The</u> Interconnection Customer shall execute ...</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>

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	<p>...Interconnection System Impact Study Agreement to Transmission Provider<u>the Participating TO</u> no later than thirty (30) Calendar Days after its receipt...</p> <p>... along with demonstration of Site Control, and a \$50,000 deposit. If <u>the</u> Interconnection Customer does not provide ...</p> <p>...Interconnection System Impact Study Agreement, Transmission Provider<u>the ISO</u> shall notify <u>the</u> Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and <u>the</u> Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt ...</p> <p>... a substitute Point of Interconnection identified by either <u>the</u> Interconnection Customer, <u>the</u> <u>ISO</u>, or Transmission Provider <u>the Participating TO</u>, and acceptable to the other<u>others</u>, such acceptance not to be unreasonably withheld, will ...</p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies whom the Transmission Provider is in this context: the executed Interconnection System Impact Study Agreement is returned to the Participating TO (unless otherwise determined pursuant to Section 7.4).</p> <p>The deletion of demonstration of Site Control, and is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it points out that there is no need for the Interconnection Customer to demonstrate site control at this point in the process because they have already demonstrated site control or paid an initial fee with their Interconnection Request. The Interconnection Customer also is required to demonstrate site control or post another deposit just prior to execution of the LGIA. Eliminating the requirement for site control in this section eliminates an ambiguity and should be to the benefit of the Interconnection Customer.</p> <p>The deletion of Transmission Provider and insertion of <u>the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the ISO manages the Interconnection Application process and handles application communications.</p> <p>The deletion of Transmission Provider and insertion of <u>the ISO</u>, or <u>the Participating TO</u>, and the insertion of <u>others</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the ISO and the Participating TO must be involved in the study and review process and either may specify a substitute Point of Interconnection.</p>

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Section(s)	Changes	Justification for Change
	<p>... Point of Interconnection specified above without loss of Queue Position, and restudies<u>re-studies</u> shall be completed pursuant to <u>LGIP</u> Section 7.6 as applicable.</p> <p><u>If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected...</u></p> <p>...For the purpose of this <u>LGIP</u> Section 7.6, if Transmission Provider<u>7.2</u>, if the <u>Participating TO, ISO</u> and Interconnection Customer cannot agree ...</p> <p>...as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to <u>LGIP</u> Section 3.3.4<u>3.5.4</u>, shall be the substitute.</p>	<p>The deletion of restudies and insertion of <u>re-studies</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change.</p> <p>The insertion of <u>If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected</u> is consistent with or superior to the pro forma LGIP because the ISO, in its role as the overseer and coordinator of the interconnection process, makes the determination in the case of a lack of agreement between Interconnecting Participating TO and the Interconnection Customer.</p> <p>Insertion of <u>LGIP</u> is a Category 5 change.</p> <p>The deletion of 7.6 and the insertion of <u>7.2</u>, is a Category 8 change as the reference to "this 7.6" was an error.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO, ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: both the Participating TO and the ISO may determine a substitute Point of Interconnection.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change.</p> <p>The deletion of 3.3.4 and the insertion of <u>3.5.4</u>, is a Category ??? change. This change is consistent with or superior to the pro forma LGIP because the Section numbers referenced were altered due to additional Sections added to this LGIP.</p>

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Section(s)	Changes	Justification for Change
<p>7.3 Scope of Interconnection System Impact Study.</p>	<p>The <u>applicable Participating TOs'</u> Interconnection System Impact Study, <u>or Studies if applicable</u>, shall evaluate the impact of the proposed...</p> <p>... interconnection on the reliability of the Transmission System<u>applicable Participating TO's electric system.</u></p> <p><u>... In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO.</u></p> <p>The Interconnection System Impact Study will consider the Base Case<u>Cases</u> as well as all...</p> <p>... generating facilities (and with respect to (iii)<u>(iv)</u> below, any identified Network Upgrades associated with such higher queued interconnection <u>Interconnection Request</u>) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Transmission System<u>ISO Controlled Grid</u>; (ii) are interconnected to</p>	<p>The insertion of <u>applicable Participating TOs'</u> and the insertion of <u>or Studies if applicable</u> is consistent with or superior to the pro forma LGIP because it clarifies the source of the Interconnection System Impact Study as well as the possibility that there may be more than one Interconnection System Impact Study.</p> <p>The deletion of Transmission System and the insertion of <u>applicable Participating TO's electric system</u>, is consistent with or superior to the pro forma LGIP because it clarifies that the Participating TO will evaluate the impact of the proposed interconnection on it own electrical system.</p> <p>The insertion of <u>In addition the applicable Participating TO will perform a revised ...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that the interconnection process set forth in the LGIP relates to the ISO Controlled Grid as a whole and enables the ISO to fulfill its responsibility for making sure the cumulative Interconnection System Impact Studies take into account impacts on the entire ISO Controlled Grid.</p> <p>The revised text from singular Base Case to plural Base Cases is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it points out the fact that there is not a singular Base Case when looking at the overall ISO Controlled Grid, as there are multiple Transmission Owners and Affected Systems.</p> <p>The deletion of iii and the insertion of <u>iv</u>, and change of higher queued interconnection to higher queued <u>Interconnection Request</u>, is a Category 5 change. This change is consistent or superior to the pro forma LGIP because it reflects the addition of item # (iii), and adjusts the reference from the general term "interconnection" to the defined term "Interconnection Request."</p>

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Section(s)	Changes	Justification for Change
	<p>Affected Systems and ...</p> <p>...may have an impact on the Interconnection Request; (iii) have a pending <u>request to interconnect to an Affected System</u>; (iv) have a pending higher queued Interconnection Request ...</p> <p>... to interconnect to the Transmission System <u>ISO Controlled Grid</u>; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.</p> <p>The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis <u>and a Deliverability Assessment as described in LGIP Section 3.3.3. To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs.</u> The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service <u>Interconnection Service</u>, including a preliminary indication of the cost and length of time that would</p>	<p>The deletion of Transmission System and insertion of <u>ISO Controlled Grid</u> here and throughout the rest of this Section is consistent with or superior to the pro forma LGIP because it clarifies the Transmission System.</p> <p>The insertion of <u>request to interconnect to an Affected System</u>; (iv) have a pending ... is consistent with or superior to the pro forma LGIP because it properly takes in consideration, when performing studies, both existing and pending interconnection projects to an Affected System which may impact the interconnection. Planned generation projects connecting to Affected Systems that can impact the interconnection request should be modeled.</p> <p>The deletion of iv and the insertion of <u>v</u> is a Category 5 change. This change is consistent or superior to the pro forma LGIP because it reflects the addition of item # iii and adjustment of the references.</p> <p>The deletion of and and the insertion of <u>and a Deliverability Assessment as described in LGIP Section 3.3.3. To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs</u> is consistent with or superior to the pro forma LGIP because it points out that a Deliverability Assessment will be performed as part of the Interconnection System Impact Study and that as a result of the Deliverability Assessment effort the Interconnection System Impact Study would be revised; such revision will include, to the extent possible, analysis beyond the applicable Participating TO's electric system to enable the ISO to fulfill its responsibility for ensuring the studies take into account impacts on the entire ISO Controlled Grid.</p>

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	<p>be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities <u>on the applicable Participating TO's portion of the ISO Controlled Grid</u> that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.</p>	<p>The deletion of interconnection service and the insertion of <u>Interconnection Service</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it displays the use of a defined term.</p> <p>The insertion of <u>on the applicable Participating TO's portion of the ISO Controlled Grid</u> is a Category 5 change consistent or superior to the pro forma LGIP because it clarifies that the interconnection facilities estimated in the Interconnection System Impact Study are specific to the applicable Participation TO.</p>
<p>7.4 Interconnection System Impact Study Procedures</p>	<p>Transmission Provider<u>Prior to commencement of the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. The ISO</u> shall coordinate the Interconnection System Impact Study with any Affected System...</p> <p>... that is affected by the Interconnection Request pursuant to <u>LGIP</u> Section 3.5<u>3.7</u> above.</p> <p>Transmission Provider<u>The Participating TO and/or ISO</u> shall utilize existing studies to the extent practicable when it performs<u>performing</u> the study.</p> <p>Transmission Provider<u>The Participating TO and/or ISO</u> shall use Reasonable Efforts ...</p>	<p>The deletion of Transmission Provider and the insertion of <u>Prior to commencement of the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. The ISO</u> is a Category 2 change, consistent or superior to the pro forma LGIP as the ISO coordinates and directs responsibilities for the Interconnection System Impact Study and the change makes clear that it is not expected to be the ISO that is performing the studies.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change.</p> <p>The deletion of 3.5 and the insertion of <u>3.7</u> is a Category 5 change consistent or superior to the pro forma LGIP because it reflects the revised or corrected section reference.</p> <p>The deletion of Transmission Provider and insertion of <u>The applicable Participating TO and/or ISO</u> and the deletion of it performs and insertion of <u>performing</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may be perform the study.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/or ISO</u> is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may</p>

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	<p>... to complete the a draft Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data.</p> <p><u>The Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report to the Interconnection Customer within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data.</u></p> <p>If Transmission Provider <u>Participating TO and/or ISO</u> uses Clustering, Transmission Provider <u>Participating TO and/or ISO</u> shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) <u>one hundred twenty (120)</u> Calendar Days after the close of the Queue Cluster Window.</p> <p>At the request of <u>the</u> Interconnection Customer or at any time Transmission Provider <u>the Participating TO and/or ISO</u> determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Transmission Provider <u>the Participating TO and/or ISO</u> shall notify <u>the</u> Interconnection Customer</p>	<p>be perform the study.</p> <p>The deletion of the and the insertion of <u>a draft</u> is a Category 5 change consistent or superior to the pro forma LGIP because it clarifies the fact that there is an initial draft version fro review and comment.</p> <p>The deletion of or notification to proceed and the insertion of the text <u>study payment, and technical data</u> is a Category 5 change consistent or superior to the pro forma LGIP because it clarifies the requirements for executing the study agreement.</p> <p>The insertion of the text <u>The Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report to the Interconnection Customer within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement</u> is consistent or superior to the pro forma LGIP because it specifies the additional time required for review and oversight, and for incorporating comments.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and/or ISO</u> here-forward through the rest of this Section 7.4 is a Category 2 change consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO or ISO may perform the study.</p> <p>The deletion of ninety (90) and the insertion of the text <u>one hundred twenty (120)</u> is a Category 5 change consistent or superior to the pro forma LGIP because it clarifies the additional time requirement for the Participating TO and/or the ISO to review and comment on the study, and for the party executing the study, to incorporate the comments. The total of 120 days covers the for executing the study agreement.</p>

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	<p>as to the schedule status of the Interconnection System Impact Study. If Transmission Provider<u>the Participating TO and/or ISO</u> is unable to complete the Interconnection System Impact Study within the time period, it shall notify <u>the</u> Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.</p> <p>Upon request, Transmission Provider<u>the Participating TO and/or ISO</u> shall provide <u>the</u> Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with <u>LGIP Section 13.1</u>.</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change.</p>
7.5 Meeting with Transmission Provider <u>the Participating TO and ISO</u>	Transmission Provider and the Participating TO, the ISO and the	The deletion of Transmission Provider and insertion of the Participating TO, the ISO and the is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it recognizes the role that both the ISO and Participating TO will have a role with regard to the Interconnection System Impact Study.
7.6 Re-Study	<p>If Re-Study<u>re-study</u> of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to <u>LGIP Section 4.4</u>, or re-designation of the Point of Interconnection pursuant to Section 6.1 <u>Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study</u> <u>LGIP Section 7.2, or any other effective change in information which necessitates a re-study, the Participating TO shall notify the Interconnection Customer and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the</u></p>	<p>The deletion of Re-Study and insertion of <u>re-study</u> is a Category 5 change consistent with or superior to the pro forma LGIP because re-study is not a defined term.</p> <p>The insertion of <u>LGIP Section</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it specifies more exactly the reference and location of 4.4.</p> <p>The deletion of Section 6.1 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study and insertion of text that begins with <u>LGIP Section 7.2, or any other effective change in information which necessitates a re-study, ...</u> is a Category 5 change consistent with or superior to the pro forma LGIP because I) it correctly references Section 7.2 vs. Section 6.1 regarding substitute Point of</p>

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	<p><u>Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.</u></p> <p><u>Such re-study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and the ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection System Impact Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.</u></p>	<p>Interconnection; 2) it recognizes that a change to the electric system due to forced outages, significant events like earthquakes, retirement of lines, or retirement of power plants may trigger a re-study; 3) it provides for status communication to all parties; 4) it provides the Interconnection Customer with clear options in deciding to proceed with the re-study or withdraw from the study process. If moving forward, it clarifies the Interconnection Customer's process and deposits that are in line with the original System Impact Study.</p> <p>The deletion of of notice. Any cost of Re-Study and insertion of text <u>the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and the ISO shall share study results for review and ...</u> is a change consistent with or superior to the pro forma LGIP because (1) it specifies the timing of the re-study based on receipt of written notice to continue and study deposit; (2) additional time is required for the oversight and Control Area coordination review from the ISO of the Participating TO's study and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs and (3) and it aligns the re-study procedures consistent with the initial Interconnection System Impact Study process.</p>

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<u>7.7 Network Upgrades Economic Test</u>	New Section Added	<p>The insertion of a new Section (7.7) is consistent or superior to the pro forma LGIP because it identifies added logistics of performing the economic test for Network Upgrades associated with an Interconnection Customer's facility.</p> <p>Additional discussion of this change is included in section IV.H of the transmittal letter accompanying this filing.</p>
<u>7.7 Network Upgrades Economic Test</u>	<p><u>The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.</u></p>	<p>The insertion of new text beginning with <u>The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ...</u> in new Section 7.7 is consistent or superior to the pro forma LGIP because it provides the language explaining the logistics of performing the economic test described in Section 3.4.2.</p> <p>Additional discussion of this change is included in section IV.H of the transmittal letter accompanying this filing.</p>
Section 8. Interconnection Facilities Study	<p>Simultaneously with the delivery of the Interconnection System Impact Study to <u>the Interconnection Customer, Transmission Provider the Participating TO shall provide to the Interconnection Customer...</u></p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> throughout this section is a Category 2 change. This change is consistent with or superior to the</p>

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	<p>... an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate Transmission Provider <u>the Participating TO</u> for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider <u>the Participating TO in coordination with the ISO</u> shall provide to <u>the Interconnection Customer a signed Interconnection Facilities Study Agreement which shall include</u> a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. <u>The</u> Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Transmission Provider <u>the Participating TO</u> within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or <u>the</u> Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.</p>	<p>pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO performs the Interconnection Facilities Study.</p> <p>The deletion of in the form of Appendix 2 to this LGIP is a Category 5 change consistent with or superior to the pro forma LGIP because clarifies it is separate and is not attached as an Appendix to this LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO in coordination with the ISO ... a signed Interconnection Facilities Study Agreement which shall include</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Participating TO develops, signs and provides the Facilities Study Agreement with ISO direction and coordination.</p>
8.1.1	<p>8.1.1 Transmission Provider shall invoice <u>8.1.1 For studies where the estimated cost exceeds \$100,000, the Participating TO may invoice the Interconnection Customer on a monthly basis...</u></p> <p>... for the work to be conducted on</p>	<p>The deletion of 8.1.1 Transmission Provider shall invoice and insertion of <u>8.1.1 For studies where the estimated cost exceeds \$100,000, the Participating TO may invoice the</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because 1) it clarifies who is performing the study and 2) it specifies invoicing if the costs exceed the deposit of \$100,000.</p> <p>The deletion of each month and insertion of</p>

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	<p>the Interconnection Facilities Study each month. <u>for the remaining balance of the estimated Interconnection Facilities Study cost.</u> The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice.</p> <p>Transmission ProviderThe <u>Participating TO</u> shall continue to hold the amounts on deposit until settlement of the final invoice.</p>	<p><u>for the remaining balance of the estimated Interconnection Facilities Study cost</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP as it specifies that invoicing will continue only for the remaining balance of costs beyond \$100,000.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies who the Transmission Provider is in this context: the Participating TO executes the Interconnection Facilities Study.</p>
8.2 Scope of Interconnection Facilities Study	<p>The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed <u>on the Participating TO's electric system</u> to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Transmission System <u>Customer's Interconnection Facilities to the ISO Controlled Grid</u>. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Provider <u>Participating TO's</u> Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities</p>	<p>The insertion of <u>on the Participating TO's electric system</u> is consistent with or superior to the pro forma LGIP because it specifies that the facilities to connect the Interconnection Customer's project are integrated into the Participating TO's electric system (as part of the ISO Controlled Grid) as a result of the Participating TO's Interconnection Facilities Study results.</p> <p>The deletion of Facility to the Transmission System and insertion of <u>Customer's Interconnection Facilities to the ISO Controlled Grid</u> are Category 2 and 5 changes consistent with or superior to the pro forma LGIP because it specifies that the facilities are the Interconnection Customer's and that they are connected to the ISO Controlled Grid.</p> <p>The deletion of Transmission Provider and insertion of <u>Participating TO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies that the Transmission Provider is, in this context, the Participating TO to which the Interconnection Facilities and Network Upgrades are associated.</p>
8.3 Interconnection Facilities Study Procedures	<p>Transmission ProviderThe <u>ISO</u> shall coordinate the Interconnection Facilities Study with any Affected System pursuant to <u>LGIP</u> Section 3.5 above.</p>	<p>The deletion of Transmission Provider and insertion of <u>ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the role and responsibility of the ISO to insure coordination with Affected Systems.</p>

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	<p>Transmission Provider<u>The Participating TO and/or ISO</u> shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study.</p> <p>Transmission Provider<u>The Participating TO and/or ISO</u> shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to <u>the</u> Interconnection Customer.</p> <p><u>Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments</u> within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90)<u>one hundred twenty (120)</u> Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one hundred eighty (180)<u>two hundred ten (210)</u> Calendar Days, if <u>the</u> Interconnection Customer requests a +/- 10 percent cost estimate.</p> <p>At the request of <u>the</u> Interconnection Customer or at any time Transmission Provider<u>the Participating TO and/or ISO</u> determines that it will not meet the required time frame for completing the Interconnection Facilities Study, Transmission Provider<u>the Participating TO and/or ISO</u> shall notify <u>the</u> Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Transmission Provider<u>the Participating TO and/or ISO</u> is</p>	<p>The insertion of <u>LGIP</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the location of Section 3.5.</p> <p>The deletion of Transmission Provider and insertion of <u>The applicable Participating TO and/or ISO</u> throughout this section is a Category 2 change, throughout this Section, that is consistent with or superior to the pro forma LGIP because it provides clarity to the Interconnection Customer that either the PTO and/or ISO may perform the study.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this section is a Category 5 change throughout this Section, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments</u> is a Category 2 change, consistent or superior to the pro forma LGIP as the ISO coordinates and directs responsibilities for the Interconnection System Impact Study.</p> <p>The deletion of ninety (90) and one hundred eighty (180) the insertion of <u>one hundred twenty (120)</u> and <u>two hundred ten (210)</u> is a Category 2 change consistent with or superior to the pro forma LGIP because, as provided in the pro forma, it offers the Interconnection Customer an option to seek a more precise cost estimate for the facilities to be upgraded within the Interconnection Facilities Study report. This proposed language retains this option but adds thirty days to the timeline for the Interconnection Study report for ISO review and input. ISO review enhances the accuracy and thoroughness of the study.</p>

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	<p>unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify <u>the</u> Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.</p> <p><u>The</u> Interconnection Customer may<u>shall</u>, within thirty (30) Calendar Days after receipt of the draft report, <u>either (i) provide written comments to Transmission Provider, which Transmission Provider <u>the Participating TO and ISO, which the Participating TO and/or ISO</u> shall include in the final report- Transmission Provider, or (ii) provide a statement to the Participating TO and ISO that it will not provide comments. The Participating TO and/or ISO shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving <u>the</u> Interconnection Customer's comments or promptly upon receiving <u>the</u> Interconnection Customer's statement that it will not provide comments. Transmission Provider <u>The Participating TO and/or ISO</u> may reasonably extend such fifteen-day period upon notice to <u>the</u> Interconnection Customer if <u>the</u> Interconnection Customer's comments require Transmission Provider <u>the Participating TO and/or ISO</u> to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider <u>the Participating TO and/or ISO</u> shall provide <u>the</u> Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality</u></p>	<p>The deletion of may and the insertion of <u>shall</u> is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies that the Interconnection Customer must respond to the study report with comments or notification of No Comments to be provided.</p> <p>The insertion of <u>either (i)</u> is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies that the Interconnection Customer is given the option of respond to the study report with comments or notification of No Comments to be provided.</p> <p>The deletion of Transmission Provider, which Transmission Provider and the insertion of <u>the Participating TO and ISO, which the Participating TO and/or ISO</u> and the insertion of <u>or (ii) provide a statement to the Participating TO and ISO that it will not provide comments. The Participating TO and/or ISO</u> is a Category 2 change that is consistent with or superior to the pro forma LGIP because it provides the alternative to the Interconnection Customer of responding to the study report with comments or notification of No Comments and clarifies the roles of the Participating TO and the ISO.</p>

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	arrangements consistent with <u>LGIP Section 13.1.</u>	
8.4 Meeting with Transmission Provider Participating TO and ISO	Change in Section Title	The deletion of Transmission Provider and insertion of <u>the Participating TO and ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the in this context that both the Participating TO and the ISO meet and review the Interconnection Facilities Study with the Interconnection Customer.
8.4 Meeting with Transmission Provider Participating TO and ISO	<p>Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to <u>the Interconnection Customer, Transmission Provider the Participating TO, the ISO and the Interconnection Customer</u> shall meet to discuss...</p> <p>... the results of the Interconnection Facilities Study <u>and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.</u></p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO, the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the role and responsibility of both the ISO and Participating TO in coordination and communication with the Interconnection Customer.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.</u> is a Category 2 change consistent with or superior to the pro forma LGIP as it provides the additional meeting scope coverage of discussion and selection of the Network Upgrades for energy delivery.</p>
8.5 Re-Study.	Re-Study <u>re-study</u> of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to <u>LGIP Section 4.4, Transmission Provider or any other</u>	<p>The deletion of Re-Study and insertion of <u>re-study</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because re-study is not a defined term.</p> <p>The insertion of <u>LGIP</u> is consistent with or</p>

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	<p><u>effective change in information which necessitates a re-study, the Participating TO shall so notify the Interconnection Customer in writing. Such Re-Study and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue. Such re-study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection Facilities Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied..</u></p>	<p>superior to the pro forma LGIP because it specifies more exactly the reference and location of 4.4.</p> <p>The deletion of Transmission Provider and in writing. Such Re-Study and the insertion of text <u>or any other effective change in information which necessitates a re-study, the Participating TO as well as and the ISO in writing. Upon receipt</u> Such re-study is consistent with or superior to the pro forma LGIP because 1) 1) it recognizes that a change to the electric system due to forced outages, significant events like earthquakes, retirement of lines, or retirement of power plants may trigger a re-study; 2) it provides for status communication to all parties; 3) it provides the Interconnection Customer with clear options in deciding to proceed with the re-study or withdraw from the study process. If moving forward, it clarifies the Interconnection Customer's process and deposits that are in line with the original System Impact Study.</p> <p>The deletion of of notice. Any cost of Re-Study and insertion of text beginning with <u>the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment and...</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because (1) it specifies the timing of the re-study based on receipt of notice to continue and study deposit; (2) additional time is required for the oversight and Control Area coordination review from the ISO of the Participating TO's study and for the Participating TO to incorporate comments from the ISO, and to allow input from other potentially impacted Participating TOs; (3) and to align the procedures with the initial System Impact Study process</p>

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<p>Section 9. Engineering & Procurement (“E&P”) Agreement</p>	<p>Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Transmission Provider<u>the Participating TO</u> shall offer the Interconnection Customer, an E&P Agreement that authorizes Transmission Provider<u>the Participating TO</u> to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Transmission Provider<u>the Participating TO</u> shall not be obligated to offer an E&P Agreement if <u>the</u> Interconnection Customer is in Dispute Resolution as a result of an allegation that <u>the</u> Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer’s Queue Position or In-Service Date. The E&P Agreement shall provide for <u>the</u> Interconnection Customer to pay the cost of all activities authorized by <u>the</u> Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.</p> <p><u>The</u> Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, <u>the</u> Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably</p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider in this context: the Participating TO provides the engineering, procurement, and construction of the Interconnection Facilities.</p> <p>The insertion of the word “<u>the</u>” in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>

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	<p>canceled, Transmission Provider <u>the Participating TO</u> may elect: (i) to take title to the equipment, in which event Transmission Provider <u>the Participating TO</u> shall refund the Interconnection Customer...</p>	
<p>Section 10. Optional Interconnection Study</p>	<p>On or after the date when <u>the</u> Interconnection Customer receives Interconnection System Impact Study results, <u>the</u> Interconnection Customer may request, and Transmission Provider <u>the Participating TO or ISO</u> shall perform a reasonable number of Optional <u>Interconnection</u> Studies. The request shall describe the assumptions that <u>the</u> Interconnection Customer wishes Transmission Provider <u>the Participating TO or ISO</u> to study within the scope described in <u>LGIP</u> Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, Transmission Provider <u>the Participating TO or ISO</u> shall provide to <u>the</u> Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.</p> <p>The Optional Interconnection Study Agreement shall: (i) specify the technical data that <u>the</u> Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify <u>the</u> Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates <u>higher Queue Positions</u> will be ...</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO or ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either the Participating TO or ISO performing Optional Studies.</p> <p>The insertion of <u>Interconnection</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP because it adds clarity without changing the meaning of the text.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the location of Section 10.2.</p> <p>The deletion of in the form of Appendix 5 is consistent with or superior to the pro forma LGIP because clarifies it is separate and is not attached as an Appendix to this LGIP.</p> <p>The change of earlier queue priority dates to <u>higher Queue Positions</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the use of terms.</p>

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	<p>... Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) Transmission Provider<u>the Participating TO's or ISO's</u> estimate of the cost of the Optional Interconnection Study. To the extent known by Transmission Provider<u>the Participating TO or ISO</u>, such estimate shall include ...</p> <p>... complete the Optional Interconnection Study. Notwithstanding the above, Transmission Provider<u>the Participating TO or ISO</u> shall not be required as a result of an Optional Interconnection Study request ...</p> <p><u>The</u> Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to Transmission Provider<u>the Participating TO or ISO as applicable</u>.</p>	<p>The insertion of <u>as applicable</u> is a Category 2 change, and is consistent with or superior to the pro forma LGIP because it specified that the Transmission Provider may be either the Participating TO or ISO performing Operational Studies.</p>
10.2 Scope of Optional Interconnection Study	<p>The Optional Interconnection Study ...</p> <p>... specified by <u>the</u> Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Transmission Provider<u>the Participating TO's</u> Interconnection Facilities and the Network Upgrades ...</p> <p>... performed solely for informational purposes. Transmission Provider<u>The Participating TO or ISO</u> shall use Reasonable Efforts to coordinate ... Interconnection Services that are being studied. Transmission Provider<u>The Participating TO or ISO</u> shall utilize existing studies ...</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO's</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO owning the Interconnection Facilities.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO or ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either the Participating TO or ISO performing Optional Studies.</p>
10.3 Optional Interconnection	<p>The executed Optional Interconnection Study Agreement, the</p>	<p>The deletion of executed Optional Interconnection Study Agreement, the</p>

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Study Procedures	<p>prepayment, and technical and other data called for therein must be provided to Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement.</p> <p>Transmission Provider<u>Participating TO or ISO</u> shall use Reasonable Efforts to complete the Optional Interconnection Study within ...</p> <p>... the Optional Interconnection Study Agreement. If Transmission Provider<u>the Participating TO or ISO</u> is unable to complete the Optional Interconnection Study within such time period, it shall notify <u>the</u> Interconnection Customer and provide ...</p> <p>... the actual cost of the study shall be paid to Transmission Provider<u>the Participating TO or ISO, as applicable, or refunded to the</u> Interconnection Customer, as appropriate. Upon request, Transmission Provider<u>the Participating TO or ISO</u> shall provide <u>the</u> Interconnection Customer supporting documentation and workpapers, and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with <u>LGIP</u> Section 13.1.</p>	<p>prepayment, and technical and other data called for therein must be provided to Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. is consistent with or superior to the pro forma LGIP because as an Optional Study requested by the Interconnection Customer it is unnecessary to instigate strict timelines on the Interconnection Customer.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO or ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either the Participating TO or ISO performing Optional Studies.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>as applicable</u> is consistent with or superior to the pro forma as it specifies that payment for study services goes to the entity performing the study.</p> <p>The insertion of <u>LGIP</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the location of Section 13.1.</p>
11.1 Tender	<p>Interconnection Customer shall tender comments on Simultaneously with the issuance of the draft Interconnection Facilities Study Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Interconnection Customer shall tenderreport to the Interconnection</p>	<p>The deletion of Interconnection Customer shall tender comments on and the insertion of <u>Simultaneously with the issuance of</u> along with the deletion of Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Interconnection Customer shall tender and insertion of <u>report to the Interconnection Customer, the Participating TO shall tender to the</u></p>

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	<p><u>Customer, the Participating TO shall tender to the Interconnection Customer</u> a draft LGIA, together with draft appendices completed to the extent practicable. ...</p> <p>The draft LGIA shall be in the form of Transmission Provider's <u>the</u> FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return.</p> <p><u>Within thirty (30) Calendar Days after the Participating TO and the ISO receive the Interconnection Customer's written comments, or notification of no comments, to the draft Interconnection Facilities Study report, the Participating TO shall tender the completed draft LGIA appendices within thirty (30) Calendar Days.</u></p>	<p><u>Interconnection Customer</u> is consistent with or superior to the pro forma LGIP because the first sentence as written in the pro forma is contains similar provisions to, but inconsistent language with, LGIP Section 8.3. Instead, Section 8.3 has been revised as shown above; it more clearly specifies the timing of the tendering of the LGIA; provides the Interconnection Customer the draft LGIA concurrent with the draft Facilities Report allowing time to link and review the two documents; and corrects the error of the Interconnection Customer tendering the draft LGIA.</p> <p>The deletion of Transmission Provider's and the insertion of <u>the</u> (in front of FERC) and deletion of which is in Appendix 6. Interconnection Customer shall execute and return in front of FERC is consistent with or superior to the pro forma LGIP because it specifies the LGIA is a FERC approved Agreement and clarifies it is separate and not attached as an Appendix to this LGIP.</p> <p>The insertion of <u>Within thirty (30) Calendar Days after the Participating TO and the ISO receive the Interconnection Customer's written comments, or notification of no comments, to the draft Interconnection Facilities Study report, the Participating TO shall tender and LGIA,</u> and the deletion of within thirty (30) Calendar Days is consistent with or superior to the pro forma LGIP because it more clearly specifies the timing of the tendering of the completed draft LGIA following receipt of comments.</p>
11.2 Negotiation	<p>Notwithstanding <u>LGIP Section 11.1,</u> at the request of <u>the</u> Interconnection Customer Transmission Provider, the Participating TO, and ISO as necessary, shall begin negotiations with <u>the</u> Interconnection Customer concerning the appendices to the LGIA at any time after <u>the</u> Interconnection Customer executes the Interconnection Facilities Study Agreement. Transmission Provider and The Participating TO and ISO, as necessary, and the Interconnection Customer shall ...</p>	<p>The insertion of <u>LGIP</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the location of the referenced Section.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO and ISO, as necessary</u> throughout this Section is a Category 2 change. This change is</p>

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	<p>... tender of the final Interconnection Facilities Study Report<u>report</u>. If <u>the</u> Interconnection Customer determines that negotiations of the LGIA pursuant to <u>LGIP</u> Section 11.1 and request submission initiate Dispute Resolution procedures pursuant to <u>LGIP</u> Section 13.5. If <u>the</u> Interconnection Customer requests termination of the negotiations, but within sixty<u>ninety (90)</u> Calendar Days thereafter<u>after issuance of the final Interconnection Facilities Study report</u> fails to request Unless otherwise agreed by the Parties, if <u>the</u> Interconnection Customer has not executed <u>and returned</u> the LGIA, requested filing procedures pursuant to <u>LGIP</u> Section 13.5 within sixty days of tender of completed draft of the LGIA appendices<u>ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report</u>, it shall be deemed to have withdrawn its Interconnection Request. Transmission Provider<u>The Participating TO</u> shall provide to <u>the</u> Interconnection Customer...</p>	<p>consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either or both the Participating TO and ISO as the LGIA will be 3-party agreement.</p> <p>The deletion of Report and the insertion of <u>report</u> is consistent with or superior to the pro forma LGIP because "Report" is not a defined term.</p> <p>The deletion of sixty (60) and the insertion of <u>ninety (90)</u> and <u>after issuance of the final Interconnection Facilities Study report</u> is consistent with or superior to the pro forma LGIP because it revises the timeline to clarify and anchor the negotiation termination to the same event (the issuance of the final Interconnection Facilities report) as the start of negotiations for the LGIA Appendices. The beginning point for negotiations may begin as soon as the draft Interconnection Facilities Study is tendered.</p>
<p>11.3 Execution and Filing</p>	<p>Within fifteen (15) Business Days after receipt of the final LGIA,<u>At the time that the Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below,</u> <u>the</u> Interconnection Customer...</p> <p>shall provide Transmission</p>	<p>The deletion of Within fifteen (15) Business Days after receipt of the final LGIA and the insertion of <u>At the time that the Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below,</u> is consistent with or superior to the pro forma LGIP because it specifies the requirements for adhering to the procedures of the LGIP are for both an executed and unexecuted LGIA; provides for the Interconnection Customer to establish evidence of Site Control or post a \$250,000 security at the time of execution, as well as specifying the LGIA as executed in lieu of "final".</p> <p>The deletion of Transmission Provider and</p>

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	<p>Provide <u>the Participating TO</u> (A) reasonable evidence that of continued Site Control or (B) posting of \$250,000, non-refundable additional the development of the Large Generating Facility, at <u>the</u> Interconnection Customer election, has been achieved:</p> <p><u>The</u> Interconnection Customer shall either: (i) execute two<u>four</u> originals of the tendered LGIA and return them to <u>Transmission Provider</u> one to the Participating TO and two to the ISO; or (ii) request in writing that Transmission Provider <u>the Participating TO</u> file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two-executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, Transmission Provider <u>the Participating TO and ISO</u> shall file the LGIA with FERC, <u>as necessary</u>, together with its <u>an</u> explanation of any matters as to which <u>the</u> Interconnection Customer and Transmission Provider <u>the Participating TO or ISO</u> disagree and support for the costs that Transmission Provider <u>the Participating TO</u> proposes to charge to <u>the</u> Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by Transmission Provider <u>the Participating TO and ISO</u> for the Interconnection Request.</p>	<p>insertion of <u>the Participating TO and (or) ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either or both the Participating TO and ISO as the LGIA will be 3-party agreement.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of two and them to Transmission Provider and the insertion of <u>four</u> and <u>one to the Participating TO and two to the ISO</u> is consistent with or superior to the pro forma LGIP because the LGIA is a three (3) party agreement. The ISO requires two originals as part of its document management policies.</p> <p>The deletion of two is consistent with or superior to the pro forma LGIP as stated above.</p> <p>The insertion of <u>as necessary</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either or both the Participating TO and ISO as the LGIA will be 3-party agreement.</p> <p>The deletion of its and insertion of <u>an</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP due the revised text reflecting multiple parties involved with the LGIA.</p>
11.4 Commencement of Interconnection Activities	<p>If <u>the</u> Interconnection Customer executes the final LGIA, Transmission Provider and <u>the Participating TO, ISO and the</u> Interconnection Customer</p>	<p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma</p>

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	<p>shall Upon submission of an unexecuted LGIA, the Interconnection Customer and Transmission Provider shall promptly, Participating TO and ISO may proceed to comply with the unexecuted LGIA, subject to modification by FERC pending FERC action.</p>	<p>LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO, ISO and the</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the LGIA will be 3-party agreement.</p> <p>The deletion of and Transmission Provider shall promptly and subject to modification by FERC and the insertion of <u>Participating TO and ISO may proceed to and pending FERC action</u> is consistent with or superior to the pro forma LGIP because it specifies the LGIA as a 3-party agreement and that the parties may move forward with its terms and conditions while awaiting FERC action.</p>
<u>11.5 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook</u>	<p>New Section Added</p> <p><u>The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.</u></p>	<p>The insertion of <u>The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.</u> is consistent with or superior to the pro forma LGIP because it is to ensure that an Interconnection Customer is aware of, and complies with, the individual technical requirements applicable to the systems of the different Participating TOs.</p>
Section 12. Construction of Transmission Provider' Participating TO's Interconnection Facilities and Network Upgrades	<p>Revised Section Title</p> <p>Construction of Transmission Provider'<u>Participating TO's</u> Interconnection Facilities and Network Upgrades</p>	<p>The deletion of Transmission Provider and insertion of <u>Participating TO's</u> is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO owning the Interconnection Facilities.</p>
12.1 Schedule	<p>Transmission Provider<u>The Participating TO and the</u> Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission Provider<u>the Participating TO's</u> Interconnection Facilities and the Network Upgrades.</p>	<p>The deletion of Transmission Provider and insertion of <u>Participating TO's</u> is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO owning the Interconnection Facilities.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
12.2.1 General	<p>In general, the In-Service Date<u>in-service date in the LGIA</u> of an Interconnection Customers<u>Customer</u></p>	<p>The deletion of In-Service Date and the insertion of <u>in-service date in the LGIA</u> is consistent with or superior to the pro forma</p>

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	<p>seeking interconnection to the Transmission System <u>ISO Controlled Grid</u> will determine the sequence of construction of Network Upgrades.</p>	<p>LGIP because the term “In-Service Date” is defined in the LGIP to be a “reasonably expected” date, while the referenced use of the term “in-service date” in LGIP Section 12.2.1 is more accurately made to the date contractually specified in the LGIA.</p> <p>The deletion of Customers and the insertion of <u>Customer</u> is consistent with or superior to the pro forma LGIP because it is singular and not possessive.</p> <p>The deletion of Transmission System and insertion of <u>ISO Controlled Grid</u> here and throughout the rest of this Section is consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.</p>
<p>12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than <u>the</u> Interconnection Customer</p>	<p>... Obligation of an Entity other than <u>the</u> Interconnection Customer</p>	<p>The insertion of the word “<u>the</u>” in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p>
<p>12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than <u>the</u> Interconnection Customer</p>	<p>... may request that Transmission Provider <u>the Participating TO</u> advance to the extent necessary the completion of Network Upgrades that: contractual obligation of an entity other than <u>the</u> Interconnection Customer...</p> <p>... that is seeking interconnection to the Transmission System <u>Participating TO's portion of the ISO Controlled Grid</u>, in time to support such In-Service Date. Upon such request, Transmission Provider <u>the Participating TO</u> will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that <u>the</u></p>	<p>The deletion of Transmission Provider and insertion of <u>Participating TO's</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO designing and constructing the Interconnection Facilities.</p> <p>The insertion of the word “<u>the</u>” in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission System and insertion of <u>Participating TO's portion of the ISO Controlled Grid</u> here and throughout the rest of this Section is consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP</p>

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	<p>Interconnection Customer commits to pay <u>Transmission Provider</u> the <u>Participating TO</u>: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.</p> <p>Transmission Provider <u>The Participating TO</u> will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA, <u>subject to the limitations set forth in LGIP Section 3.4.3.</u> Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that Transmission Provider <u>the Participating TO</u> has not refunded to <u>the</u> Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction.</p> <p>Transmission Provider <u>The Participating TO</u> shall forward to the Interconnection Customer ... balance owed to <u>the</u> Interconnection Customer. Transmission Provider <u>The Participating TO</u> then shall refund ... in accordance with Article 11.4 of the LGIA, <u>subject to the limitations set forth in LGIP Section 3.4.3.</u></p>	<p>The deletion of Transmission Provider and insertion of <u>the Participating TO('s)</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO designing and constructing the Interconnection Facilities.</p> <p>The insertion of <u>subject to the limitations set forth in LGIP Section 3.4.3</u> here and elsewhere in this Section is a Category 5 change consistent with or superior to the pro forma LGIP as it provides greater guidance and clarity.</p>
<p>12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider <u>Participating TO</u></p>	<p>An Interconnection Customer with an LGIA, in order to maintain its In-Service Date <u>in-service date as specified in the LGIA</u>, may request that Transmission Provider <u>the Participating TO</u> advance to the extent necessary the completion of Network Upgrades that: ...</p> <p>... (i) are necessary to support such In-Service Date <u>in-service date</u> and (ii) would otherwise not be completed, pursuant to an expansion plan of Transmission Provider <u>the Participating TO</u>, in time to support such In-Service Date <u>in-service date</u>. Upon such request, Transmission Provider <u>the Participating TO</u> will use</p>	<p>The deletion of Transmission Provider and insertion of <u>(the) Participating TO('s)</u> in the Section title and throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider as the Participating TO designing and constructing the Interconnection Facilities.</p> <p>The deletion of In-Service Date and the insertion of <u>in-service date as specified in the LGIA</u> and the corresponding deletion of In-Service Date and insertion of <u>in-service date</u> throughout this Section is consistent with or superior to the pro forma LGIP because the term "In-Service Date" is defined in the LGIP to be a "reasonably expected" date, while the referenced use of</p>

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Section(s)	Changes	Justification for Change
	<p>Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that <u>the</u> Interconnection Customer commits to pay Transmission Provider<u>the Participating TO</u> any associated expediting costs. <u>The</u> Interconnection Customer shall be entitled to transmission credits<u>refunds</u>, if any, <u>in accordance with this LGIP and the LGIA</u>, for any expediting costs paid.</p>	<p>the term “in-service date” in LGIP Section 12.2.3 is more accurately made to the date contractually specified in the LGIA.</p> <p>The insertion of the word “<u>the</u>” in front of Interconnection Customer is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of transmission credits and the insertion of <u>refunds</u> and <u>in accordance with this LGIP and the LGIA</u> is consistent with or superior to the pro forma LGIP because the term “ “In-Service Date” is defined in the LGIP to be a “reasonably expected” date, while the referenced use of the term “in-service date” in LGIP Section 12.2.3 is more accurately made to the date contractually specified in the LGIA.</p>
12.2.4 Amended Interconnection System Impact Study	<p>Revised Title Amended Interconnection System Impact Study</p>	<p>The deletion of System Impact from the Section title is consistent with or superior to the pro forma LGIP as it now applies more generally rather than specific to the System Impact Study.</p>
12.2.4 Amended Interconnection System Impact Study	<p>An Interconnection System Impact Study will be amended, <u>as needed</u>, to determine the facilities necessary to ...</p> <p>... support the requested In-Service Date<u>in-service date as specified in the LGIA</u>. This amended study...</p> <p>will include those transmission and facilities, Large Generating Facilities <u>and any other generating</u></p>	<p>The deletion of System Impact from the Section title is consistent with or superior to the pro forma LGIP as it now applies more generally rather than specific to the System Impact Study.</p> <p>The insertion of <u>as needed</u> is a Category 5 change, which is consistent with or superior to the pro forma LGIP in that it clarifies a change will only be made to a study as determined to be necessary substantively.</p> <p>The deletion of In-Service Date and the insertion of <u>in-service date as specified in the LGIA</u> and the corresponding deletion of In-Service Date and insertion of <u>in-service date</u> throughout this Section is consistent with or superior to the pro forma because the term “In-Service Date” is defined in the LGIP to be a “reasonably expected” date, while the referenced use of the term “in-service date” in LGIP Section 12.2.4 is more accurately made to the date contractually specified in the LGIA.</p> <p>The deletion of and and the insertion of <u>facilities</u> and <u>and any other generating facilities</u> is a Category 5 change and is</p>

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	<p>facilities that are expected to be in service on or before the requested in-Service Date-in-service date.</p> <p><u>If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the Participating TO to continue with the amended study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the amended study along with providing written notice for the Participating TO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment, and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days from the date of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO is unable to complete the amended Interconnection Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons</u></p>	<p>consistent with or superior to the pro forma LGIP in that it clarifies generation other than "Large Generating Facilities" can have an impact on the Interconnection Customer's project and may trigger the need for an amended study.</p> <p>The insertion of the text <u>If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt ...</u> is a Category 5 change and is consistent with or superior to the pro forma LGIP because the additional text places requirements and bounds for amended studies. The language is necessary for operational studies prior to execution of the LGIA, which allow the Participating TO to plan construction of the facilities requested by the Interconnection Customer.</p>

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	<p><u>why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.</u></p>	
13.1 Confidentiality	<p>Either<u>any</u> of the Parties...</p> <p>the other <u>Parties</u> prior to the execution of an LGIA.</p> <p>Article<u>Section</u> warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.</p> <p><u>The confidentiality provisions of this LGIP are limited to information provided pursuant to this LGIP.</u></p>	<p>The deletion of either and the insertion of <u>any</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP because it is indicative of 3 party agreements.</p> <p>The insertion of <u>Parties throughout</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP because it is indicative of 3 party agreements.</p> <p>The deletion of Article and the insertion of <u>Section</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP because it better describes the LGIP document.</p> <p>The insertion of text beginning with <u>The confidentiality provisions...</u> is a Category 5 change. It is consistent with or superior to the pro forma LGIP because this language is necessary to distinguish between information provided in accordance with the LGIP and information provided pursuant to the remainder of the ISO Tariff.</p>
13.1.1 Scope	<p>through no wrongful act or omission of the receiving Party or Breach<u>breach</u> of the LGIA; or (6) is required, in accordance with <u>LGIP</u> Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the <u>LGIA</u><u>LGIP</u>. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party<u>Parties</u> that it no longer is confidential.</p>	<p>The deletion of Breach and insertion of <u>breach</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because breach is not a defined term.</p> <p>The insertion of <u>LGIP</u> throughout is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the location of the referenced Section.</p> <p>The deletion of Party and insertion of <u>Parties</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p>

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13.1.2 Release of Confidential Information	<p>Neither<u>No</u> Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, <u>Affiliates</u> (limited by the<u>FERC's</u> Standards of Conduct requirements <u>set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358</u>), employees, consultants, or to parties who may be or considering providing financing to or equity participation with <u>the</u> Interconnection Customer, or to potential purchasers or assignees of <u>the</u> Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this <u>LGIP</u> Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this <u>LGIP</u> Section 13.1.</p>	<p>The deletion of Neither and insertion of <u>No</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because of the inclusion of more than one additional party in this process.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p>
13.1.3 Rights	<p>Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party<u>Parties</u>. The disclosure by each Party to the other Party<u>Parties</u> of Confidential Information shall not be deemed a waiver by either<u>a</u> Party or any other person or entity of the right to protect the Confidential Information from public disclosure.</p>	<p>The deletion of Party and insertion of <u>Parties throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p>
13.1.4 No Warranties	<p>By providing Confidential Information, neither<u>no</u> Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither<u>no</u> Party obligates itself to provide any particular information or</p>	<p>The deletion of neither and insertion of <u>no</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because more than one additional party is involved.</p>

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	Confidential Information to the other Party <u>Parties</u> nor to enter into any further agreements or proceed with any other relationship or joint venture	
13.1.5 Standard of Care	Each Party may use Confidential Information solely to fulfill its obligations to the other Party <u>Parties</u> under these procedures or its regulatory requirements.	The deletion of Party and insertion of <u>Parties throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.
13.1.6 Order of Disclosure	If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either <u>any</u> Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party <u>Parties</u> with prompt notice of such request(s) or requirement(s) so that the other Party <u>Parties</u> may seek an appropriate protective order or waive compliance with the terms of the LGIP <u>LGIP</u> .	The deletion of either and insertion of <u>any</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because more than one additional party is involved. The deletion of Party and insertion of <u>Parties throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.
13.1.7 Remedies	The Parties agree that monetary <u>Monetary</u> damages would be <u>are</u> inadequate to compensate a Party for the other <u>another</u> Party's Breach <u>breach</u> of its obligations under this LGIP <u>LGIP</u> Section 13.1. Each Party accordingly agrees that the other Party <u>Parties</u> shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches <u>breaches</u> or threatens to Breach <u>breach</u> its obligations under this LGIP <u>LGIP</u> Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach <u>breach</u> of this LGIP <u>LGIP</u> Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that <u>Further,</u> the covenants contained herein are	The deletion of The Parties agree that monetary and insertion of <u>Monetary</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the language applies to a procedure, not an agreement. The deletion of the other and insertion of <u>another</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because more than one additional party is involved. The insertion of <u>LGIP throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP. The deletion of Breach(es) and insertion of <u>breach(es) throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because breach is not a defined term. The deletion of The Parties further acknowledge and agree that and insertion

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	<p>necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this <u>LGIP</u> Section 13.1.</p>	<p>of <u>Further</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the language applies to a procedure, not an agreement.</p>
<p>13.1.8 Disclosure to FERC, its Staff, or a State</p>	<p>Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFRC.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFRC.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party<u>Parties</u> prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA<u>Applicable Parties</u> when it<u>it</u> is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either any of the Parties may respond before such information would be made public, pursuant to 18 CFRC.F.R. Section 388.112.</p>	<p>The deletion of CFR and insertion of <u>C.F.R throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it is an acronym for Code of Federal Regulations.</p> <p>The deletion of Party and insertion of <u>Parties</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p> <p>The deletion of Party to the LGIA and insertion of <u>applicable Parties</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p> <p>The deletion of either and insertion of <u>any</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p>
<p>13.1.9</p>	<p>Subject to the exception in <u>LGIP</u> Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information</p>	<p>The insertion of <u>LGIP throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p>

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	<p>("Confidential Information") shall not be disclosed by the other Party<u>Parties</u> to any person not employed or retained by the other Party<u>Parties</u>, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party<u>Parties</u>, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party<u>Parties</u> in writing of the information it claims is confidential. Prior to any disclosures of the other<u>another</u> Party's Confidential Information ...</p>	<p>The deletion of Party and insertion of <u>Parties throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p> <p>The deletion of the other and insertion of <u>another</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it designates that more than one additional party is involved.</p>
13.1.10	<p>This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach<u>breach</u> of this provision).</p>	<p>The deletion of Breach and insertion of <u>breach throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because breach is not a defined term.</p>
13.1.11	<p>Transmission Provider <u>The Participating TO or ISO</u> shall, at <u>the</u> Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.</p>	<p>The deletion of Transmission Provider and insertion of <u>The Participating TO or ISO</u> this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be either the Participating TO and ISO.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p>

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Section(s)	Changes	Justification for Change
13.2 Delegation of Responsibility	<p>Transmission Provider<u>The Participating TO and ISO</u> may use the services of subcontractors as it deems<u>deemed</u> appropriate to perform its<u>their</u> obligations under this LGIP. Transmission Provider<u>The Participating TO or ISO</u> shall remain primarily liable to <u>the</u> Interconnection Customer for the performance of such<u>its respective</u> subcontractors and compliance with its obligations of this LGIP.</p>	<p>The deletion of Transmission Provider and insertion of <u>The Participating TO or ISO</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider will be both the Participating TO and ISO.</p> <p>The deletion of it deems and insertion of <u>deemed</u> in this Section is a Category 5 change that is consistent with or superior to the pro forma LGIP because of the change from singular to plural in the above change.</p> <p>The deletion of its and insertion of <u>their</u> in this Section is a Category 5 change that is consistent with or superior to the pro forma LGIP because of the change from singular to plural in the above change. The insertion of the word "<u>the</u>" in front of Interconnection Customer this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of such and insertion of <u>its respective</u> in this Section is a Category 5 change that is consistent with or superior to the pro forma LGIP.</p>
13.3 Obligation for Study Costs	<p>Transmission Provider<u>The Participating TO or ISO</u> shall charge and <u>the</u> Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, <u>to the</u> Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. <u>The</u> Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. Transmission</p>	<p>The deletion of Transmission Provider and insertion of <u>The Participating TO or ISO</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider will be both the Participating TO and ISO.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of , except as otherwise provided herein, is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of , or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies.</p>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
	<p>Provider<u>The Participating TO or ISO</u> shall not be obligated to perform or continue to perform any studies unless <u>the</u> Interconnection Customer has paid all undisputed amounts in compliance herewith.</p>	<p>is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because this text does not apply to procedures set forth in the LGIP.</p>
<p>13.4 Third Parties Conducting Studies</p>	<p>If (i) at the time of the signing of an Interconnection Study Agreement<u>agreement</u> there is disagreement as to the estimated time to complete an Interconnection Study, (ii) <u>the</u> Interconnection Customer receives notice pursuant to <u>LGIP</u> Sections 6.3, 7.4 or 8.3 that Transmission Provider<u>the Participating TO or ISO</u> will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) <u>the</u> Interconnection Customer receives neither the Interconnection Study nor a notice under <u>LGIP</u> Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then <u>the</u> Interconnection Customer may require Transmission Provider<u>the Participating TO or ISO</u> to utilize a third party consultant reasonably acceptable to <u>the</u> Interconnection Customer and Transmission Provider<u>the Participating TO or ISO</u> to perform such Interconnection Study under the direction of Transmission Provider<u>the Participating TO or ISO</u>. At other times, Transmission Provider<u>the Participating TO or ISO</u> may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of <u>the</u> Interconnection Customer, or on its own volition.</p> <p>In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where Transmission Provider determines<u>the Participating TO and ISO determine</u> that doing so will help maintain or accelerate the study process for <u>the</u> Interconnection Customer's pending Interconnection</p>	<p>The deletion of Agreement and insertion of <u>agreement</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it is not a defined term.</p> <p>The insertion of the word "<u>the</u>" in front of Interconnection Customer throughout this Section is a Category 5 change, which is consistent with or superior to the pro forma LGIP.</p> <p>The insertion of <u>LGIP</u> throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p> <p>The deletion of Transmission Provider and insertion of <u>The Participating TO or ISO</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider will be either the Participating TO and ISO.</p> <p>The deletion of Transmission Provider determines and insertion of <u>the Participating TO and ISO determine</u> throughout this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission</p>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
	<p>Request and not interfere with Transmission Provider <u>the Participating TO's and ISO's</u> progress on Interconnection Studies for other pending Interconnection Requests. In cases where <u>the</u> Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Transmission Provider <u>the Participating TO or ISO</u> shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Transmission Provider <u>The Participating TO or ISO</u> shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon <u>the</u> Interconnection Customer's request subject to the confidentiality provision in <u>LGIP</u> Section 13.1. In any case, such third party contract may be entered into with either <u>the</u> Interconnection Customer or Transmission Provider <u>at Transmission Provider's the Participating TO or ISO at the Participating TO's or ISO</u> discretion. In the case of (iii) <u>the</u> Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), <u>the ISO Tariff</u>, and the relevant OATT procedures and protocols <u>Participating TO's TO Tariff</u> as would apply if Transmission Provider <u>the Participating TO or ISO</u> were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. Transmission Provider <u>The Participating TO or ISO</u></p>	<p>Provider will be both the Participating TO and ISO.</p> <p>The deletion of Transmission Provider at Transmission Provider's and insertion <u>the Participating TO or ISO at the Participating TO's or ISO</u> this Section is a Category 2 change that is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider will be either the Participating TO or ISO.</p> <p>The deletion of OATT procedures and protocols and insertion <u>the ISO Tariff and Participating TO's TO Tariff</u> in this Section is a Category 5 change that is consistent with or superior to the pro forma LGIP because it specifies the appropriate Tariff's that apply.</p> <p>The deletion of Transmission Provider and insertion of <u>the Participating TO or ISO</u> throughout this Section is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it specifies the Transmission Provider may be</p>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
	shall cooperate with such third party consultant and <u>the</u> Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.	either the Participating TO and ISO as the LGIA will be 3-party agreement.
13.5 Disputes	<u>All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:</u>	The insertion of text beginning with <u>All disputes arising out of or in connection with this LGIP whereby...</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it specifies dispute procedure as it applies to the LGIP.
13.5.1 Submission	... each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this <u>the</u> LGIA <u>and</u> LGIP.	The deletion of this and the insertion of <u>the</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because the text is in reference to a separate document (LGIA) as well as the LGIP. The insertion of <u>LGIP throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.
13.5.2 External Arbitration Procedures	... any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this <u>LGIP</u> Section 13, the terms of this <u>LGIP</u> Section 13 shall prevail.	The insertion of <u>LGIP throughout</u> is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.
13.6.1 Transmission Providers Participating TOs That Own Facilities Financed by Local Furnishing Bonds	This provision is applicable only to a Transmission Provider <u>Participating TO</u> that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds") <u>Local Furnishing Bonds</u> . Notwithstanding any other provision of this LGIA and <u>LGIP, Transmission Provider</u> provisions of this LGIP, the Participating TO and the ISO shall not be required to provide Interconnection Service to <u>the</u> Interconnection Customer pursuant to this LGIA <u>LGIP</u> and LGIP <u>the LGIA</u> if the provision of such Transmission <u>Interconnection</u> Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance <u>Transmission</u>	The deletion of Transmission Provider and the insertion of <u>Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that it is the Participating TO and not the ISO that has financed facilities for the local furnishing of electric energy. The deletion of tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds") and the insertion of <u>Local Furnishing Bonds</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies bonds as they apply to this LGIP. The deletion of provision of this LGIA and <u>LGIP, Transmission Provider and the</u>

Matrix of Changes to FERC Pro Forma 2003-A LGIP

Section(s)	Changes	Justification for Change
	<p>Provider's facilities that would be used in providing such Interconnection Service<u>Local Furnishing Bond(s) issued for the benefit of the Participating TO.</u></p>	<p>insertion of Provider<u>provisions of this LGIP, the Participating TO and the ISO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies the provisions of the LGIP include both the Participating TO and ISO.</p>
<p>13.6.2 Alternative Procedures for Requesting Interconnection Service</p>	<p>If Transmission Provider<u>If the Participating TO determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service<u>Local Furnishing Bond(s) issued for the benefit of the Participating TO, it shall advise the Interconnection Customer and the ISO within thirty (30) days</u><u>Calendar Days</u> of receipt of the Interconnection Request.</u></p> <p>The Interconnection Customer thereafter may renew its request for the same interconnection using the process specified in Article 5.2(ii) of the Transmission Provider's OATT<u>Service by tendering an application under Section 211 of the Federal Power Act, in which case the Participating TO, within ten (10) Calendar Days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, and the ISO and Participating TO shall provide the requested Interconnection Service pursuant to the terms and conditions set forth in this LGIP and the LGIA.</u></p>	<p>The deletion of If Transmission Provider and the insertion of <u>If Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because this clarifies that it is the Participating TO is the party that will determine that the provision of Interconnection Service requested by Interconnection Customer would jeopardize the tax-exempt status.</p> <p>The deletion of local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service and the insertion of <u>Local Furnishing Bond(s) issued for the benefit of the Participating TO</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because it clarifies bonds as they apply to this LGIP.</p> <p>The insertion of the same is a Category 5 change. This change is consistent with or superior to the pro forma LGIP because it clarifies that it applies to only the same interconnection service and not substitute a new interconnection service.</p> <p>The deletion of using the process specified in Article 5.2(ii) of the Transmission Provider's OATT and the insertion of text beginning with <u>Service by tendering an application under Section 211 of the Federal Power Act....</u> is a Category 2 change. This change is consistent with or superior to the pro forma LGIP because use of the applicable application as set forth in the LGIP.</p> <p>The insertion of <u>the</u> in front of Interconnection Customer throughout is a Category 5 change. This change is consistent with or superior to the pro forma LGIP.</p>

ATTACHMENT B

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Appendix 1 to LGIP: Interconnection Request

Sections	Changes	Justification for Change
Prior to #1	Provide three copies of this completed form pursuant to Section 7 below.	The insertion of " <u>Provide three copies of this completed form pursuant to Section 7 below</u> " is a Category 2 change consistent with or superior to the pro forma LGIP as the ISO coordinates the interconnection process and requires multiple copies of this Interconnection Request for filing and forwarding to the Participating TO.
#1	Transmission Provider's Transmission System <u>ISO Controlled Grid</u> pursuant to the <u>ISO Tariff</u> .	The deletion of " Transmission Provider's Transmission System " and the insertion of " <u>ISO Controlled Grid</u> and <u>the ISO</u> " is a Category 1 change consistent with or superior to the pro forma LGIP as the language is more specific. The interconnection is on the ISO Controlled Grid and the process is set out in the ISO Tariff.
#3	The type of interconnection service requested...	The deletion of " The type of interconnection service requested... " is a Category 5 change consistent with or superior to the pro forma LGIP as the language is not applicable. The proposed LGIP does not include the two Interconnection Service options that are spelled out in the FERC <i>pro forma</i> LGIP.
#4 (a)	Address or location or, including the county, of the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location, <u>including the county,</u> of the existing Generating Facility;	The deletion of " or " and the deletion of " (to the extent known) " and the insertion of " <u>of</u> " is a Category 5 change consistent with or superior to the pro forma LGIP as proposed language simplifies the request for information. The insertion of " <u>, including the county, of</u> " and " <u>, including the county,</u> " is a Category 5 change consistent with or superior to the pro forma LGIP as it requires the Interconnection Customer to provide the name of the county where the site or facility is located as is required by the WECC.
#4 (b)	Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output	The deletion of " summer at _____ degrees C and winter at _____ degrees C " is a Category 5 change consistent with or superior to the pro forma LGIP, as the deleted language is not needed. The studies are performed at Maximum or Generator nameplate MW rating.
#4 (c)	Type of project (i.e. gas turbine, hydro, wind, etc.) and G general description of the equipment configuration.	The insertion of " <u>Type of project (i.e. gas turbine, hydro, wind, etc.) and</u> " is a Category 5 change consistent with or superior to the pro forma LGIP as the proposed language is required for more specificity on the type of project and for data tracking purposes.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Appendix 1 to LGIP: Interconnection Request

Sections	Changes	Justification for Change
#4 (d)	<u>Proposed In-Service Date, Trial Operation date and Commercial Operation Date by day, month and year and term of service;</u>	The insertion of " <u>Proposed In-Service Date, Trial Operation date and and term of service</u> " is a Category 5 change consistent with or superior to the pro forma LGIP as the proposed language is required for more specificity on the timing of key operational milestones of the project for planning and reporting purposes.
#4 (f)	(optional)	The deletion of " (optional) " is a Category 5 change consistent with or superior to the pro forma LGIP because the Interconnection Request should include an approximate Point of Interconnection to ensure a useful Scoping Meeting. This information can be amended at the Scoping meeting.
#6	Evidence of Site Control as specified in the LGIP and <u>name(s), address(es) and contact information of site owner(s)</u>	The insertion of " <u>and name(s), address(es) and contact information of site owner(s)</u> " is a Category 5 change consistent with or superior to the pro forma LGIP as the proposed language would provide additional contact information for the ISO to help coordinate the interconnection process.
#7	<u>[Insert ISO address]</u>	The insertion of " <u>[Insert ISO address]</u> " is a Category 5 change superior to the pro forma LGIP as the proposed language specifies and makes clear for the Interconnection Customer the address to which the Interconnection Request should be sent.
#8	Transmission Provider <u>the Interconnection Customer</u>	The deletion of " Transmission Provider " and the insertion of " <u>the Interconnection Customer</u> " is a Category 5 change consistent with the pro forma LGIP as the numbering sequence was changed and the text change reflects the appropriate reference.
#9	<u>the</u> Interconnection Customer	The insertion of the word " <u>the</u> " is a Category 5 change, which is consistent with or superior to the pro forma LGIP.
Attachment A	<u>[Entire new text for technical data in Attachment A]</u>	The inserted text of Attachment A is a Category 6 change and replaces the deleted text to reflect the technical data that is currently provided and most appropriate within Interconnection Requests to the ISO Controlled Grid. This is consistent with or superior to the pro forma LGIP, as the Interconnection Customer is required to provide this technical data on or before the executed Interconnection Feasibility Study Agreement.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Feasibility Study Agreement

Section	Change	Justification for Change
Opening paragraph	<u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u>	The insertion of " <u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u> " is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement.
Opening paragraph and throughout the agreement	<u>"Participating TO or "ISO"</u>	The insertion of " <u>Participating TO or "ISO"</u> " throughout the Agreement is a Category 2 change consistent with or superior to the pro forma LGIP as specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Interconnection Feasibility Study.
Throughout the agreement	<u>The</u> Interconnection Customer	The insertion of the word " <u>The (or the)</u> " in front of Interconnection Customer throughout this Agreement is a Category 5 change, which is consistent with or superior to the pro forma LGIP.
Recitals	Transmission System <u>ISO Controlled Grid</u> To the Transmission System, and any Affected System	The deletion of Transmission System and To the Transmission System, and any Affected System insertion of <u>ISO Controlled Grid</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.
1.0	Transmission Provider's Commission- <u>ISO's FERC-approved</u> <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	The deletion of Transmission Provider's Commission and insertion of <u>ISO's FERC</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it specifies who is the Transmission Provider in this context, and who the Commission is in this context. The insertion of " <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable</u> " is a Category 1 and 5 change consistent with or superior to the pro forma LGIP because, as the study agreements are proposed to be separated from the LGIP and as most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
2.0	<u>ISO</u>	The insertion of <u>ISO</u> is a Category 5 change consistent with or superior to the pro forma

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Feasibility Study Agreement

Section	Change	Justification for Change
5.0	<p><u>... on the Participating TO's electric system ...</u></p> <p><u>...expected results in the Interconnection System Impact Study; and ...</u></p> <p><u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, and may include:</u> <u>-change in short circuit duty at the boundary buses to other Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.</u></p>	<p>LGIP because the proposed language specifies which Tariff should be adhered to.</p> <p>The insertion of <u>... on the Participating TO's electric system ...</u> is a Category 6 change consistent with or superior to the pro forma LGIP because the proposed language specifies that thermal overloads or voltage limit violations should be identified anywhere on the Participating TO's system, including its Distribution System.</p> <p>The insertion of <u>...expected results in the Interconnection System Impact Study; and ...</u> is a Category 5 change consistent with or superior to the pro forma LGIP because pursuant to Section 6 of the LGIP, the Interconnection Feasibility Study will include expected results of the Interconnection System Impact Study. This is similar to the requirement for written expected results for the Interconnection Feasibility Study that were produced at the initial Scoping meeting under Section 3.5.4 of the LGIP.</p> <p>Writing down these expectations should better define the differences between results that are expected as opposed to unexpected results, and therefore help determine any need or justification for re-studies. This documentation also should facilitate consensus among the parties and assist the ISO in its coordination responsibilities.</p> <p>The insertion of <u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, and may include:</u> <u>-change in short circuit duty at the boundary buses to other Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO</u> is a Category 5 and 6 change consistent with or superior to the pro forma LGIP because this addition implements the proposed addition</p>

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Feasibility Study Agreement

Section	Change	Justification for Change
		<p>to LGIP Section 6.2. The scope of this preliminary analysis of the electrical impact of the Large Generating Facility spans the ISO Controlled Grid. To the extent possible and reasonably practicable, the ISO promotes a “one-stop” process for Interconnection Customers to get the necessary studies and agreements performed.</p> <p>This informational assessment, if necessary, will identify potential impacts in areas between the electric systems of neighboring Participating TOs.</p> <p>This assessment may limit the necessity of multiple interconnection studies by more than one Participating TO. However, if significant impacts are identified on other Participating TO’s electric system, then separate interconnection studies will be required.</p>
6.0	<p><u>In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.4.5.1 of the LGIP ...</u></p> <p><u>Following the issuance Upon Receipt of the Interconnection Feasibility Study to the Interconnection Customer the _____ [“Participating TO” or “ISO”] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.</u></p>	<p>The insertion of <u>In addition to the deposit(s) paid by the Interconnection Customer pursuant to</u> and corresponding Section renumbering is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies that, pursuant to Section 6.1 of the LGIP, the deposit for the Interconnection Feasibility Study is in addition to the \$10,000 deposit submitted with the Interconnection Request.</p> <p>The insertion of <u>Following the issuance</u> and the deletion of <u>Upon Receipt</u> and the insertion of <u>to the Interconnection Customer</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies the Study is issued by the Participating TO (or ISO) to the Interconnection Customer.</p> <p>The insertion of <u>inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies that re-studies of, or amendment to, the</p>

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Feasibility Study Agreement

Section	Change	Justification for Change
		Interconnection Feasibility Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection Feasibility Study.
7.0	<u>[Entire text of Section 7.0]</u>	The insertion of Section 7 is a Category 5 and Category 6 change and is consistent with or superior to the pro forma LGIP because it clarifies that the ISO coordinates with Affected Systems.
8.0	<u>[Entire text of Section 8.0]</u>	The insertion of Section 8 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies that cost increases resulting from changes in technical data or assumptions after the Interconnection Feasibility Study is performed are the responsibility of the Interconnection Customer.
9.0	<u>[Entire text of Section 9.0]</u>	The insertion of Section 9 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the process for initiating a re-study of the Interconnection Feasibility Study.
10.0	<u>[Entire text of Section 10.0]</u>	The insertion of Section 10 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection Feasibility Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
11.0	<u>[Entire text of Section 11.0]</u>	The insertion of Section 11 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
12.0	<u>[Entire text of Section 12.0]</u>	The insertion of Section 12 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Feasibility Study Agreement

Section	Change	Justification for Change
13.0 (Miscellaneous)	<u>[Entire text of Section 13.0]</u>	The insertion of Section 13 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection System Impact Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
Opening paragraph	<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	The insertion of " <u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u> " is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement.
Opening paragraph and throughout the agreement	<u>"Participating TO or "ISO"</u>	The insertion of " <u>Participating TO or "ISO"</u> " throughout the Agreement is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Interconnection System Impact Study.
Throughout the agreement	<u>The Interconnection Customer</u>	The insertion of the word " <u>The (or the)</u> " in front of Interconnection Customer throughout this Agreement is a Category 5 change, which is consistent with or superior to the pro forma LGIP.
Recitals	Transmission System <u>ISO Controlled Grid</u> To the Transmission System, and any Affected System	The deletion of Transmission System and To the Transmission System, and any Affected System insertion of <u>ISO Controlled Grid</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.
1.0	Transmission Provider's Commission- <u>ISO's FERC-approved</u> <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	The deletion of Transmission Provider's Commission- insertion of <u>ISO's FERC</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it specifies who is the Transmission Provider in this context, and who the Commission is in this context. The insertion of " <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable</u> " is a Category 1 and 5 change consistent with or superior to the pro forma LGIP because, as the study agreements are proposed to be separated from the LGIP and as most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection System Impact Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
2.0	<u>ISO</u>	The insertion of <u>ISO</u> is a Category 5 change consistent with or superior to the pro forma LGIP because the proposed language specifies which Tariff should be adhered to.
5.0	<p><u>... on the Participating TO's electric system ...</u></p> <p><u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, which may include:</u></p> <ul style="list-style-type: none"> <u>-change in short circuit duty at the boundary buses to other Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.</u> 	<p>The insertion of <u>... on the Participating TO's electric system ...</u> is a Category 6 change consistent with or superior to the pro forma LGIP because the proposed language specifies that thermal overloads or voltage limit violations should be identified anywhere on the Participating TO's system, including its Distribution System.</p> <p>The insertion of <u>An informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, and may include:</u></p> <ul style="list-style-type: none"> <u>-change in short circuit duty at the boundary buses to other Participating TOs.</u> <u>-thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO</u> is a Category 5 change consistent with or superior to the pro forma LGIP because this addition implements the proposed addition to LGIP Section 6.2. The scope of this preliminary analysis of the electrical impact of the Large Generating Facility spans the ISO Controlled Grid. To the extent possible and reasonably practicable, the ISO promotes a "one-stop" process for Interconnection Customers to get the necessary studies and agreements performed. <p>This informational assessment, if necessary, will identify potential impacts in areas between the electric systems of neighboring Participating TOs.</p> <p>This assessment may limit the necessity of multiple interconnection studies by more than one Participating TO. However, if significant impacts are identified on other Participating TO's electric system, then separate interconnection studies will be required.</p>

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection System Impact Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
	<p><u>...on the Participating TO's portion of the ISO Controlled Grid ...</u></p> <p>If the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP</p>	<p>The insertion of <u>...on the Participating TO's portion of the ISO Controlled Grid ...</u> is a Category 2 change consistent with or superior to the pro forma LGIP because the proposed language clarifies that the system impact analysis is on the Participating TO's portion of the ISO Controlled Grid.</p> <p>The insertion of <u>If the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP</u> is a Category 1 and 5 change consistent with or superior to the pro forma LGIP because it clarifies that the Participating TO which is interconnecting the Large Generating Facility will perform the Deliverability Assessment pursuant to Section 3.3 of the LGIP.</p>
6.0	<p><u>Following the issuance of the Interconnection System Impact Study to the Interconnection Customer the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer...</u></p> <p>... shall pay the actual costs of the Interconnection System Impact Study, <u>inclusive of any re-studies and amendments to the Interconnection System Impact Study, pursuant to Section 9 of this Agreement.</u></p>	<p>The insertion of <u>Following the issuance</u> and the deletion of <u>Upon Receipt</u> and the insertion of <u>to the Interconnection Customer</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies the Study is issued by the Participating TO (or ISO) to the Interconnection Customer.</p> <p>The insertion of <u>inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement</u> is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies that re-studies of, or amendment to, the Interconnection Feasibility Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection System Impact Study.</p>
7.0	<u>[Entire text of Section 7.0]</u>	The insertion of Section 7 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies that the ISO coordinates with Affected Systems.
8.0	<u>[Entire text of Section 8.0]</u>	The insertion of Section 8 is a Category 5

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection System Impact Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
		change and is consistent with or superior to the pro forma LGIP because it clarifies that cost increases resulting from changes in technical data or assumptions after the Interconnection System Impact Study is performed are the responsibility of the Interconnection Customer.
9.0	<u>[Entire text of Section 9.0]</u>	The insertion of Section 9 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the process for initiating a re-study of the Interconnection System Impact Study.
10.0	<u>[Entire text of Section 10.0]</u>	The insertion of Section 10 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection System Impact Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
11.0	<u>[Entire text of Section 11.0]</u>	The insertion of Section 11 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
12.0	<u>[Entire text of Section 12.0]</u>	The insertion of Section 12 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.
13.0 Miscellaneous)	<u>[Entire text of Section 13.0]</u>	The insertion of Section 13 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Facilities Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
Opening paragraph	<u>Insert name of the Participating TO or the "California Independent System Operation Corporation"</u>	The insertion of " <u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u> " is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement.
Opening paragraph and throughout the agreement	<u>"Participating TO or "ISO"</u>	The insertion of " <u>Participating TO or "ISO"</u> " throughout the Agreement is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Interconnection Facilities Study.
Throughout the agreement	<u>The Interconnection Customer</u>	The insertion of the word " <u>The (or the)</u> " in front of Interconnection Customer throughout this Agreement is a Category 5 change, which is consistent with or superior to the pro forma LGIP.
Recitals	Transmission System ISO Controlled Grid To the Transmission System, and any Affected System	The deletion of Transmission System and To the Transmission System, and any Affected System insertion of <u>ISO Controlled Grid</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.
1.0	Transmission Provider's Commission-ISO's FERC-approved <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	The deletion of Transmission Provider's Commission insertion of <u>ISO's FERC</u> is a Category 5 consistent with or superior to the pro forma LGIP as it specifies who is the Transmission Provider in this context, and who the Commission is in this context. The insertion of " <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable</u> " is a Category 1 and 5 change consistent with or superior to the pro forma LGIP because, as the study agreements are proposed to be separated from the LGIP and as most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
2.0	<u>ISO</u>	The insertion of <u>ISO</u> is a Category 5 change consistent with or superior to the pro forma LGIP because the proposed language specifies which

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Facilities Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
5.0	<p>The Interconnection Customer shall provide a deposit of the <u>greater of ... or the Interconnection Customer's portion of the estimated monthly cost</u> for the performance of the Interconnection Facilities Study. <u>For studies where the estimated cost exceed \$100,000, the _____ [Participating TO or ISO] Transmission Provider shall may invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study cost each month.</u></p> <p><u>Following the issuance of the Interconnection Facilities Study to the Interconnection Customer the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study, inclusive of any re-studies and amendments to the Interconnection Facilities Study, pursuant to Section 9 of this Agreement.</u></p>	<p>Tariff should be adhered to.</p> <p>The insertion of <u>the greater of ... or the Interconnection Customer's portion of the estimated monthly and For studies where the estimated cost exceed \$100,000, the and the deletion of each month</u> is a Category 5 change consistent with or superior to the pro forma LGIP because this language change would provide for a larger deposit in cases where the overall costs for the Interconnection Facilities Study are very large. Whichever party conducts the Interconnection Facilities Study would have the option to bill the Interconnection Customer at the greater rate.</p> <p>The insertion of <u>Following the issuance... inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement</u> are Category 2 and 5 changes consistent with or superior to the pro forma LGIP because it clarifies the Study results are issued by the Participating TO (or ISO) to the Interconnection Customer. Additionally, it clarifies that re-studies of or amendment to the Interconnection Facilities Study should be included in the costs that are charged to and paid by the Interconnection Customer. This also clarifies that charges are paid after the issuance of the Interconnection Facilities Study.</p>
6.0	<u>[Entire text of Section 6.0]</u>	The insertion of Section 6 is a Category 5 change and is consistent with or superior to the pro forma LGIP because the party performing the Interconnection Facilities Study may request additional technical information that is reasonably necessary.
7.0	<u>[Entire text of Section 7.0]</u>	The insertion of Section 7 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies that the ISO coordinates with Affected Systems.
8.0	<u>[Entire text of Section 8.0]</u>	The insertion of Section 8 is a Category 5 change and is consistent with or superior to the pro forma

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Facilities Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
		LGIP because it clarifies that cost increases resulting from changes in technical data or assumptions after the Interconnection Facilities Study is performed are the responsibility of the Interconnection Customer.
9.0	<u>[Entire text of Section 9.0]</u>	The insertion of Section 9 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the process for initiating a re-study of the Interconnection Facilities Study.
10.0	<u>[Entire text of Section 10.0]</u>	The insertion of Section 10 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it clarifies the Interconnection Customer's rights to audit records related to the costs of the Interconnection Facilities Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
11.0	<u>[Entire text of Section 11.0]</u>	The insertion of Section 11 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it reiterates the Interconnection Customer's withdrawal rights and termination of the Agreement, pursuant to Section 3.8 of the LGIP.
12.0	<u>[Entire text of Section 12.0]</u>	The insertion of Section 12 is a Category 5 change and is consistent with or superior to the pro forma LGIP because it specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 3.8 of the LGIP.
13.0 Miscellaneous)	<u>[Entire text of Section 13.0]</u>	The insertion of Section 13 is a Category 5 change and is consistent with or superior to the pro forma LGIP because the proposed section provides various provisions as requested by FERC in Section 6 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.
Attachment A	<u>Prior to issuing draft study results for review and incorporate comments</u> within the following number of days after of receipt of an executed copy of this	The insertion of <u>Prior to issuing draft study results for review and incorporate comments</u> and the revision of ninety (90) to <u>one hundred twenty (120)</u> and one hundred eighty (180) to <u>two hundred twenty (220)</u> is a Category 5 change

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Interconnection Facilities Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
	<p>Interconnection Facilities Study Agreement: ninety one hundred twenty (90 120) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or one two hundred eighty ten (2180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.</p>	<p>consistent with or superior to the pro forma LGIP because it implements Section 8.3 of the LGIP, which also revises the timeline by which the Participating TO and the ISO will review results and incorporate comments on the draft Interconnection Facilities Study report.</p>
Attachment B	<p><u>Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.</u></p> <p><u>Level of Deliverability: Choose one of the following:</u> <u>Deliverability with no Network Upgrades</u> <u>100% Deliverability</u></p>	<p>The insertion of <u>Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP</u> is a Category 5 change consistent with or superior to the pro forma LGIP because the proposed language provides clarifying direction for conforming with the transmittal of the executed Interconnection Facilities Study Agreement, pursuant to Section 8.1 of the LGIP.</p> <p>The insertion of <u>Level of Deliverability: Choose one of the following:</u> <u>Deliverability with no Network Upgrades</u> <u>100% Deliverability</u> is a Category 4 and 5 change consistent with or superior to the pro forma LGIP because the proposed language would clarify the Interconnection Customer's choice for the desired level of deliverability.</p>

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Optional Interconnection Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
Opening paragraph	<u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u>	The insertion of " <u>Insert name of the Participating TO or the "California Independent System Operator Corporation"</u> " is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement.
Opening paragraph and throughout the agreement	<u>"Participating TO or "ISO"</u>	The insertion of " <u>Participating TO or "ISO"</u> " throughout the Agreement is a Category 2 change consistent with or superior to the pro forma LGIP as it specifies that either the Participating TO or the ISO may be a party to the agreement, depending upon who performs the Optional Interconnection Study.
Throughout the agreement	<u>The</u> Interconnection Customer	The insertion of the word " <u>The (or the)</u> " in front of Interconnection Customer throughout this Agreement is a Category 5 change, which is consistent with or superior to the pro forma LGIP.
Recitals	Transmission System <u>ISO Controlled Grid</u> To the Transmission System, and any Affected System	The deletion of Transmission System and To the Transmission System, and any Affected System insertion of <u>ISO Controlled Grid</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it clarifies the Transmission System specific to the application of this LGIP.
1.0	Transmission Provider's Commission- <u>ISO's FERC-approved</u> <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.</u>	The deletion of Transmission Provider's Commission- insertion of <u>ISO's FERC</u> is a Category 5 change consistent with or superior to the pro forma LGIP as it specifies who is the Transmission Provider in this context, and who the Commission is in this context. The insertion of " <u>...or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable</u> " is a Category 1 and 5 change consistent with or superior to the pro forma LGIP because, as the study agreements are proposed to be separated from the LGIP and as most of the applicable LGIP definitions are proposed to be moved to the ISO Tariff Master Definitions Supplement, the proposed language is necessary to include terms defined under the ISO Tariff.
2.0	<u>ISO</u>	The insertion of <u>ISO</u> is a Category 5 change consistent with or superior to the pro forma LGIP because the proposed language specifies which Tariff should be adhered to.

Matrix of Changes to FERC Pro Forma 2003-A Interconnection Request and Study Agreements

Optional Interconnection Study Agreement **12/31/04 CAISO Draft** (revised from CAISO 10/11/04 draft)

Section	Change	Justification for Change
6.0	<u>Following the issuance</u> of the Optional Interconnection Study ...	The insertion of <u>Following the issuance</u> is a Category 5 change consistent with or superior to the pro forma LGIP because this clarifies the costs of the Optional Interconnection Study will be charged and paid after its issuance.
7.0	<u>[Entire text of Section 7.0]</u>	The insertion of Section 7 is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies that cost increases resulting from changes in technical data or assumptions after the Optional Interconnection Study is performed are the responsibility of the Interconnection Customer.
8.0	<u>[Entire text of Section 8.0]</u>	The insertion of Section 8 is a Category 5 change consistent with or superior to the pro forma LGIP because it clarifies the Interconnection Customer's rights to audit records related to the costs of the Optional Interconnection Study. If the ISO conducts the study, it is appropriate that the Interconnection Customer's right to audit the ISO should be in accordance with the ISO Tariff, which promotes consistency.
9.0	<u>[Entire text of Section 9.0]</u>	The insertion of Section 9 is a Category 5 change consistent with or superior to the pro forma LGIP because it specifies the effective date of the Agreement and reiterates the withdrawal process pursuant to Section 10.18 of the LGIP.
10.0 (Miscellaneous)	<u>[Entire text of Section 10.0]</u>	The insertion of Section 10 is a Category 5 change consistent with or superior to the pro forma LGIP because it provides various provisions as requested by FERC in Section 7 of the pro forma. The confidentiality and dispute resolution provisions are incorporated by reference from the LGIP and the additional terms were carried over from the LGIA.

ATTACHMENT C

APPENDIX B

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

including

**~~STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)~~**

Section 1. Definitions **SECTION 1. OBJECTIVES, DEFINITIONS, AND INTERPRETATION.**

1.1 Objectives.

The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility interconnections to the ISO Controlled Grid.

1.2 Definitions.

1.2.1 Master Definitions Supplement.

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section or an Appendix of the ISO Tariff. References to LGIP are to this Protocol or to the stated paragraph of this Protocol.

1.2.2 Special Definitions for this LGIP.

In this LGIP, the following words and expressions shall have the meanings set opposite them:

~~———— **Adverse System Impact** shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.~~

~~———— **Affected System** shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.~~

~~———— **Affected System Operator** shall mean the entity that operates an Affected System.~~

~~———— **Affiliate** shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.~~

~~———— **Ancillary Services** shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.~~

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

~~———— **Applicable Reliability Council** shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.~~

~~———— **Applicable Reliability Standards** shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.~~

~~———— **Base Case** shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.~~

~~———— **Breach** shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.~~

~~_____ **Breaching Party** shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.~~

~~_____ **Business Day** shall mean Monday through Friday, excluding Federal Holidays.~~

~~_____ **Calendar Day** shall mean any day including Saturday, Sunday or a Federal Holiday.~~

~~_____ **Clustering** shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.~~

~~_____ **Commercial Operation** shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.~~

~~_____ **Commercial Operation Date** of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.~~

~~_____ **“Confidential Information”** shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Section 13.1 of the LGIP.~~

~~_____ **Control Area** shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.~~

~~_____ **Default** shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.~~

~~_____ **“Dispute Resolution”** shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.~~

~~_____ **Distribution System** shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.~~

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

~~_____ **Effective Date** shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.~~

~~_____ **Emergency Condition** shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's~~

~~Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.~~

~~_____ **Energy Resource Interconnection Service** shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as-available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.~~

~~_____ **Engineering & Procurement (E&P) Agreement** shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long-lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.~~

~~_____ **Environmental Law** shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.~~

~~_____ **Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.~~

~~_____ **FERC** shall mean the Federal Energy Regulatory Commission (Commission) or its successor.~~

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

~~_____ **Generating Facility** shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.~~

~~_____ **Generating Facility Capacity** shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.~~

~~_____ **Good Utility Practice** shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.~~

“**Governmental Authority**” shall mean 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 Interconnection Customer, Transmission Provider, ISO, or Participating TO, or any Affiliate thereof.

————— **Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

————— **Initial Synchronization Date** shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

————— **In-Service Date** shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

————— **Interconnection Customer** shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

————— **Interconnection Customer's Interconnection Facilities** shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

————— **Interconnection Facilities** shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

————— **Interconnection Facilities Study** shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

————— **Interconnection Facilities Study Agreement** shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

————— **Interconnection Feasibility Study** shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

————— **Interconnection Feasibility Study Agreement** shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

————— **Interconnection Request** shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to

interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

———— **Interconnection Service** shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

———— **Interconnection Study** shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

———— **Interconnection System Impact Study** shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

———— **Interconnection System Impact Study Agreement** shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

———— **IRS** shall mean the Internal Revenue Service.

———— **Joint Operating Committee** shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

———— **Large Generating Facility** shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

———— **Loss** shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

———— **Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

———— **Metering Equipment** shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

———— **NERC** shall mean the North American Electric Reliability Council or its successor organization.

———— **Network Resource** shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources

do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

——— **Network Resource Interconnection Service** shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

——— **Network Upgrades** shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

——— **Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

——— **Optional Interconnection Study** shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

——— **Optional Interconnection Study Agreement** shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

——— **Party or Parties** shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

——— **Point of Change of Ownership** shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

——— **Point of Interconnection** shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

——— **Queue Position** shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

"Party" or "Parties" shall mean the ISO, Participating TO(s), Interconnection Customer or the applicable combination of the above.

"Reasonable Efforts" shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement Procedures, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

——— **Scoping Meeting** shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

——— **Site Control** shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

——— **Small Generating Facility** shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

——— **Stand Alone Network Upgrades** shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

——— **Standard Large Generator Interconnection Agreement (LGIA)** shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

——— **Standard Large Generator Interconnection Procedures (LGIP)** shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

——— **System Protection Facilities** shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

——— **Tariff** shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

——— **Transmission Owner** shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

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

——— **Transmission Provider's Interconnection Facilities** shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

——— **Transmission System** shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

~~_____ Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.~~

1.2.3 Rules of Interpretation.

(a) Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency.

(b) A reference in this LGIP to a given agreement, ISO Protocol or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made.

(c) The captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.

(d) This LGIP shall be effective as of the date specified by FERC.

Section 2. Scope and Application.

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 of this LGIP apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

~~Transmission Provider~~The ISO and the applicable Participating TO shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. ~~Transmission Provider~~The ISO and the Participating TOs will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by ~~Transmission Provider~~the Participating TO, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

~~Transmission Provider~~The applicable Participating TO or ISO shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to applicable confidentiality provisions in LGIP Section 13.1. ~~Transmission Provider~~The applicable Participating TO or the ISO is permitted to require that the Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information (as that term is defined by FERC) in the Base Case data. Such ~~databases and lists, hereinafter referred to as~~ Base Cases, shall include all ~~(4)~~ (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the ~~Transmission System~~transmission system for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests.

3.1 General.

~~An~~Pursuant to ISO Tariff Section 5.7.1, an Interconnection Customer shall submit to ~~Transmission Provider~~the ISO an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. ~~Transmission Provider~~The ISO will forward the deposit and a copy of the Interconnection Request to the applicable Participating TO within one (1) Business Day of receipt. The Participating TO shall apply the deposit toward the cost of an Interconnection Feasibility Study. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At Interconnection Customer's option, ~~Transmission Provider~~the Participating TO, the ISO and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

~~3.2 Identification of Types of Interconnection Services.~~

~~At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.~~

3.2 Roles and Responsibilities.

- (a) For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.
- (b) Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.
- (c) Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.

3.2.1 Energy Resource

3.3 Interconnection Service.

~~3.2.1.1~~ **3.3.1 The Product.** Energy Resource-Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System ISO Controlled Grid and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm available capacity of the Transmission System on an "as available" basis. Energy Resource ISO Controlled Grid. Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point point of Delivery delivery.

~~3.2.1.2~~ **3.3.2 The Study.** The study consists of **3.3.2 The Interconnection Studies.** The Interconnection Studies consist of, but are not limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The Interconnection Studies will include short circuit/fault duty analysis would, steady state and stability analyses and will identify direct Interconnection Facilities and required and the Reliability Network Upgrades necessary to address short circuit, overload and stability issues associated with the requested Interconnection Facilities. The stability and steady state studies would Service.

The Interconnection Studies will also identify necessary upgrades Delivery Network Upgrades to allow full output of the proposed Large Generating Facility under a variety of potential system conditions, and would also identify the maximum allowed output, at the time the study is performed under a variety of potential system conditions, of the interconnecting Large Generating Facility without requiring additional the Delivery Network Upgrades.

3.3.3 Deliverability Assessment.

3.3.3.1 The Product. A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.

3.2.2 Network Resource Interconnection Service.

Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.

~~3.2.2.1~~ **3.2.2.1 The Product.** Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service Allows Interconnection Customer's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as all other existing Network

~~Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur.~~

Deliverability of a new Large Generating Facility will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.

~~**3.2.2.2 The Study.** The Interconnection Study for Network Resource Interconnection Service shall assure that~~
3.3.3.2 The Assessment. The Deliverability Assessment will identify the facilities that are required to enable the Interconnection Customer's Large Generating Facility ~~meets to meet~~ the requirements for Network Resource Interconnection Service deliverability and as a general matter, that such Large Generating Facility's interconnection is also studied with Transmission Provider's Transmission System the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on Transmission Provider's Transmission System the ISO Controlled Grid, consistent with Transmission Provider the ISO's reliability criteria and procedures. This approach assumes that some portion of existing Network Resources are resources that are designated as deliverable is displaced by the output of the Interconnection Customer's Large Generating Facility. Network Resource Interconnection Service This Deliverability Assessment in and of itself does not convey any right to deliver electricity to any specific customer or Point of Delivery point of delivery.

3.4 Network Upgrades.

3.4.1 Initial Funding

Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.

3.4.2 Economic Test for Network Upgrades

The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000 per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.

3.4.3 Repayment of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R.

§35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. The Interconnection Customer may assign such repayment rights to any person.

Instead of direct payments, the Interconnection Customer may elect to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.

The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for repayment, to the extent such FTRs or alternative rights are available under the ISO Tariff.

3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the repayment by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.

————— 3.3 Any repayment by the owner of the Affected System shall be in accordance with paragraphs 636-639 of FERC Order No. 2003-A (106 FERC ¶ 61,220).

3.5 Valid Interconnection Request.

3.3.13.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of LGIP Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits ~~shall~~may be applied toward any Interconnection Studies pursuant to the Interconnection Request. If the Interconnection Customer demonstrates Site Control within the cure period specified in LGIP Section ~~3.3.33.5.3~~ after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for ~~Transmission Provider~~the ISO's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by ~~Transmission Provider~~the ISO, unless the Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by ~~Transmission Provider~~the ISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and ~~Transmission Provider~~the ISO agree, such agreement not to be unreasonably withheld.

3.3.23.5.2 Acknowledgment of Interconnection Request.

~~Transmission Provider~~The ISO shall acknowledge receipt of the Interconnection Request within ~~five~~six (~~5~~6) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.3.33.5.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in LGIP Section ~~3.3.13.5.1~~ have been received by ~~Transmission Provider~~the ISO and are deemed complete by the applicable Participating TO and the ISO. If an Interconnection Request fails to meet the requirements set forth in LGIP Section ~~3.3.1~~, ~~Transmission Provider~~3.5.1, the ISO shall notify the Interconnection Customer within ~~five~~six (~~5~~6) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. The Interconnection Customer shall provide ~~Transmission Provider~~the ISO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by the Interconnection Customer to comply with this LGIP Section ~~3.3.33.5.3~~ shall be treated in accordance with LGIP Section ~~3.6.3.8~~.

3.3.43.5.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, ~~Transmission Provider~~the applicable Participating TO, in coordination with the ISO, shall establish a date agreeable to the Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. ~~Transmission Provider~~The Participating TO, the ISO and the Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues, as may be reasonably required to accomplish the purpose of the meeting. ~~Transmission Provider~~The Participating TO, the ISO and the Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, the Interconnection Customer shall designate its Point of Interconnection, pursuant to LGIP Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.

~~3.4~~ OASIS3.6 Internet Posting.

~~Transmission Provider~~The ISO will maintain on its ~~OASIS~~the ISO Home Page a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) ~~the type of Interconnection Service being requested;~~ and (vii) the date of the Interconnection Request; (viii) ~~the date of the Interconnection Request;~~ (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and ~~(xix)~~ for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed.

The list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that ~~Transmission Provider~~the Participating TO file an unexecuted LGIA with FERC. ~~Before holding~~The ISO shall post on the ISO Home Page an advance notice whenever a Scoping Meeting will be held with its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site an Affiliate of a Participating TO.

~~The ISO shall post to the ISO Home Page any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Provider's OASIS site~~ the ISO Home Page subsequent to the meeting ~~between~~ among the Interconnection Customer, the Participating TO and Transmission Provider ~~the ISO~~ to discuss the applicable study results. ~~Transmission Provider~~ The ISO shall also post any known deviations in the Large Generating Facility's In-Service Date.

3-53.7 Coordination with Affected Systems.

~~Transmission Provider~~ The ISO will notify the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer. The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the Participating TO will include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. Transmission Provider The ISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with Transmission Provider the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider, including signing separate study agreements with Affected System owners and paying for necessary studies. An entity which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3-63.8 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Transmission Provider the ISO and the applicable Participating TO. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in LGIP Section 13.5 (Disputes), Transmission Provider the ISO shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer within five (5) Business Days of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify Transmission Provider the Participating TO and the ISO of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, if any. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to ~~Transmission Provider~~ the Participating TO all costs that ~~Transmission Provider~~ the Participating TO prudently incurs or irrevocably has committed to be incurred with respect to that Interconnection Request prior to ~~Transmission Provider~~ the Participating TO's receipt of notice described above. The Interconnection Customer must pay all monies due to Transmission Provider the Participating TO before it is allowed to obtain any Interconnection Study data or results.

~~Transmission Provider~~The ISO shall (i) update the ~~OASIS~~ISO Home Page Queue Position posting and (ii). ~~The Participating TO shall~~ refund to ~~the~~ Interconnection Customer any portion of ~~the~~ Interconnection Customer's deposit or study payments that exceeds the costs that ~~Transmission Provider~~the Participating TO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, ~~Transmission Provider~~the Participating TO and ISO, subject to the confidentiality provisions of LGIP Section 13.1, shall provide, at ~~the~~ Interconnection Customer's request, all information that ~~Transmission Provider~~the Participating TO and ISO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position.

4.1 General.

~~Transmission Provider~~The ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and ~~the~~ Interconnection Customer provides such information in accordance with ~~LGIP Section 3.3.3, 3.5.3,~~ then ~~Transmission Provider~~the ISO shall assign ~~the~~ Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under ~~LGIP~~ Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher ~~queued~~Queue Position Interconnection Request is one that has been placed "earlier" in the ISO's queue in relation to another Interconnection Request that is lower queued.~~Transmission Provider may allocate the~~ Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer. The cost of the common upgrades for clustered Interconnection Requests may be allocated without regard to Queue Position.

4.2 Clustering.

~~At Transmission Provider~~the ISO's option and with concurrence of the applicable Participating TO, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If ~~Transmission Provider elects~~the Participating TO and the ISO elect to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service, ~~whether Energy Resource Interconnection Service or Network Resource Interconnection Service~~. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with ~~LGIP~~ Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. ~~Transmission Provider may~~The Participating TO and ISO may agree to study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the ~~Transmission System~~ transmission system's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on ~~Transmission Provider's OASIS~~ the ISO Home Page beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

~~The~~ Interconnection Customer shall submit to ~~Transmission Provider~~ the ISO, in writing, modifications to any information provided in the Interconnection Request. The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt. ~~The~~ Interconnection Customer shall retain its Queue Position if the modifications are in accordance with LGIP Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to LGIP Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either ~~the~~ Interconnection Customer, the Participating TO, or ~~Transmission Provider~~ the ISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to ~~Transmission Provider~~ the Participating TO, the ISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, ~~Transmission Provider~~ the Participating TO and/or the ISO shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with LGIP Section 6.4, LGIP Section 7.6 and LGIP Section 8.5 as applicable and ~~the~~ Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to ~~Transmission Provider~~ the Participating TO, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.4.2 Prior to the return of the executed Interconnection Facility Study Agreement to ~~Transmission Provider~~ the Participating TO, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated

with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

4.4.3 Prior to making any modification other than those specifically permitted by LGIP Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that ~~Transmission Provider~~ the Participating TO and the ISO evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, ~~Transmission Provider~~ the Participating TO and the ISO shall evaluate the proposed modifications prior to making them and inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.4 Upon receipt of Interconnection Customer's request for modification permitted under this LGIP Section 4.4, ~~Transmission Provider~~ the Participating TO and/or ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall ~~Transmission Provider~~ the Participating TO and/or ISO commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.

4.4.5 Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.

5.1 Queue Position for Pending Requests.

5.1.1 Any Interconnection Customer assigned a ~~Queue Position~~ queue position prior to the effective date of this LGIP shall retain that ~~Queue Position~~ relative queue position.

5.1.1.1 If an Interconnection Study ~~Agreement~~ agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an Interconnection Study ~~Agreement~~ agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study ~~Agreement~~ agreement prior to the effective date of the LGIP, ~~Transmission Provider~~ the Participating TO must offer the Interconnection Customer the option of either continuing under ~~Transmission Provider~~ the Participating TO's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies ~~Agreement~~ agreement) in accordance with this LGIP.

5.1.1.3 If an ~~LGIA~~ agreement to interconnect a Generating Unit has been submitted to FERC for approval before the effective date of the LGIP, then the ~~LGIA~~ agreement would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, ~~Transmission Provider~~ the Participating TO and/or the ISO and Interconnection Customers with an outstanding request (i.e., an ~~Interconnection Request~~ interconnection request or application for which an ~~LGIA~~ Agreement to interconnect a Generating Unit has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any ~~Interconnection Request~~ interconnection request or application, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by ~~Transmission Provider~~ the ISO or the Participating TO; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant ~~Interconnection Study Agreements~~ interconnection study agreements have not yet been executed, or (iv) where any of the relevant ~~Interconnection Studies~~ interconnection studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by ~~Transmission Provider~~ the Participating TO or ISO, as applicable, to the extent consistent with the intent and process provided for under this LGIP.

5.2 New ~~Transmission Provider~~ Participating TO.

If ~~Transmission Provider~~ the Participating TO transfers control of its ~~Transmission System~~ portion of the ISO Controlled Grid to a successor ~~Transmission Provider~~ Participating TO during the period when an Interconnection Request is pending, the original ~~Transmission Provider~~ Participating TO shall transfer to the successor ~~Transmission Provider~~ Participating TO any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. ~~Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection, as appropriate. The original Transmission Provider~~ The original Participating TO shall coordinate with the successor ~~Transmission Provider~~ Participating TO and ISO to complete any Interconnection Study, as appropriate, that the original ~~Transmission Provider~~ Participating TO has begun but has not completed. ~~If Transmission Provider~~ If the original Participating TO has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor ~~Transmission Provider~~ Participating TO and the ISO.

Section 6. Interconnection Feasibility Study,

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request ~~Transmission Provider~~, the applicable Participating TO shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement ~~in the form of Appendix 2~~. The Interconnection Feasibility Study Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any

reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following ~~Transmission Provider's~~ the applicable Participating TO's receipt of such designation, ~~Transmission Provider shall tender~~ the Participating TO in coordination with the ISO shall provide to the Interconnection Customer the a signed Interconnection Feasibility Study Agreement signed by Transmission Provider, which includes shall include a good faith estimate of the cost for completing the Interconnection Feasibility Study. ~~The Interconnection Customer shall execute and deliver to Transmission Provider~~ the Participating TO the Interconnection Feasibility Study Agreement along with ~~an~~ additional \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to ~~Transmission Provider,~~ the applicable Participating TO, the Interconnection Customer shall provide to the Participating TO and the ISO the technical data called for in LGIP Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by ~~either the Interconnection Customer or Transmission Provider,~~ the applicable Participating TO or ISO, and acceptable to the ~~other~~ others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and ~~Re~~ re-studies shall be completed pursuant to LGIP Section 6.4 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 6.1, if ~~Transmission Provider,~~ the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then the Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.3.4, 3.5.4, shall be the substitute.

If ~~the Interconnection Customer and Transmission Provider,~~ the applicable Participating TO and ISO agree to forgo the Interconnection Feasibility Study, ~~Transmission Provider will initiate~~ the applicable Participating TO will tender an Interconnection System Impact Study ~~under Agreement pursuant to the procedures specified in Section 7 of this LGIP and apply the \$10,000 deposit~~ deposits made in accordance with LGIP Section 3.5.1, in addition to the deposit made in accordance with LGIP Section 7, towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the ~~Transmission System~~ applicable Participating TO's portion of the ISO Controlled Grid. If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.

The Interconnection Feasibility Study will consider ~~the Base Case~~ Cases as well as all generating facilities (and with respect to ~~(iiiiv)~~ (iiiiv), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the ~~Transmission System~~ ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the Transmission System/ISO Controlled Grid; and ~~(ivv)~~ (ivv) have no Queue Position but have executed an LGIA or requested that an

unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis on the applicable Participating TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries with other Participating TOs, but will not include an estimate of costs. The Interconnection Feasibility Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct. In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.

6.3 Interconnection Feasibility Study Procedures.

~~Transmission Provider~~ Prior to commencement of the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The applicable Participating TO and/or ISO shall utilize existing studies to the extent practicable when it performs performing the study. ~~Transmission Provider~~ The applicable Participating TO and/or ISO shall use Reasonable Efforts to complete the a draft Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Transmission Provider the Participating TO receives the fully executed Interconnection Feasibility Study Agreement. At the request of The Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO, and incorporate comments and issue a final Interconnection Feasibility Study to the Interconnection Customer within sixty (60) Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement. At the request of the Interconnection Customer or at any time Transmission Provider the Participating TO and/or ISO determines that the entity performing the study will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider the Participating TO and/or ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, ~~Transmission Provider~~ the applicable Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers and relevant power flow, and short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

6.3.1 Meeting with ~~Transmission Provider~~ the Participating TO(s) and ISO.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, Transmission Provider the applicable Participating TO, ISO, and the Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study. Any other potentially-impacted Participating TO shall also be included in the meeting.

6.4 Re-Study.

If ~~Re-Study~~ re-study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project

subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP Section 6.1 Transmission Provider shall notify 6.1, or any other effective change in information which necessitates a re-study, the applicable Participating TO shall notify the Interconnection Customer in writing. Such Re-Study and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The applicable Participating TO and the ISO shall share study results for review, provide the study results for review and comment to any other potentially-impacted Participating TOs, incorporate comments, and issue a final study to the Interconnection Customer within sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the re-study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study,

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously Simultaneously with the delivery of the Interconnection Feasibility Study to the Interconnection Customer, Transmission Provider the applicable Participating TO shall provide to the Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate Transmission Provider the Participating TO for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, Transmission Provider the Participating TO in coordination with the ISO shall provide to Interconnection Customer a signed System Impact Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Transmission Provider the Participating TO no later than thirty (30) Calendar Days after its receipt along with demonstration of Site Control, and a \$50,000 deposit.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, ~~Transmission Provider~~the ISO shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either the Interconnection Customer, the ISO, or ~~Transmission Provider~~the Participating TO, and acceptable to the ~~other~~others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and ~~restudies~~re-studies shall be completed pursuant to LGIP Section 7.6 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 7.6, ~~if Transmission Provider~~7.2, if the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.3.4, 3.5.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The applicable Participating TOs' Interconnection System Impact Study, or Studies if applicable, shall evaluate the impact of the proposed interconnection on the reliability of the ~~Transmission System~~applicable Participating TO's electric system. In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO. The Interconnection System Impact Study will consider ~~the Base Case~~Cases as well as all generating facilities (and with respect to ~~(iii)~~(iv) below, any identified Network Upgrades associated with such higher queued ~~interconnection~~Interconnection Request) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the ~~Transmission System~~ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ~~Transmission System~~ISO Controlled Grid; and ~~(iv)~~(v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, ~~and a power flow analysis and a Deliverability Assessment as described in LGIP Section 3.3.3.~~ To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested ~~interconnection service~~Interconnection Service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid that are required as

a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures.

~~Transmission Provider~~ Prior to commencement of the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. The ISO shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to LGIP Section 3.53.7 above. ~~Transmission Provider~~ The Participating TO and/or ISO shall utilize existing studies to the extent practicable when it performs performing the study. ~~Transmission Provider~~ The Participating TO and/or ISO shall use Reasonable Efforts to complete the a draft Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. The Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report to the Interconnection Customer within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. If ~~Transmission Provider~~ the Participating TO and/or ISO uses Clustering, ~~Transmission Provider~~ the Participating TO and/or ISO shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ~~ninety (90)~~ one hundred twenty (120) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time ~~Transmission Provider~~ the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection System Impact Study, ~~Transmission Provider~~ the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If ~~Transmission Provider~~ the Participating TO and/or ISO is unable to complete the Interconnection System Impact Study within the time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, ~~Transmission Provider~~ the Participating TO and/or ISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

7.5 Meeting with ~~Transmission Provider~~ the Participating TO and ISO.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, ~~Transmission Provider and~~ the Participating TO, the ISO and the Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study .

If ~~Re-Study~~ re-study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1 ~~Transmission Provider shall notify Interconnection Customer in writing.~~ Such Re-Study LGIP Section 7.2, or any other effective change in information

which necessitates a re-study, the Participating TO shall notify the Interconnection Customer and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and the ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection System Impact Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

7.7 Network Upgrades Economic Test

The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.

Section 8. Interconnection Facilities Study.

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer, Transmission Provider the Participating TO shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate Transmission Provider the Participating TO for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider the Participating TO in coordination with the ISO shall provide to the Interconnection Customer a signed Interconnection Facilities Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. The Interconnection Customer shall execute the

Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to ~~Transmission Provider~~ the Participating TO within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

~~8.1.1~~ ~~Transmission Provider shall invoice~~ **8.1.1** For studies where the estimated cost exceeds \$100,000, the Participating TO may invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month, for the remaining balance of the estimated Interconnection Facilities Study cost. The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. ~~Transmission Provider~~ The Participating TO shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection ~~Facility to the Transmission System~~ Customer's Interconnection Facilities to the ISO Controlled Grid. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

~~Transmission Provider~~ The ISO shall coordinate the Interconnection Facilities Study with any Affected System pursuant to LGIP Section 3.5 above. ~~Transmission Provider~~ The Participating TO and/or ISO shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. ~~Transmission Provider~~ The Participating TO and/or ISO shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ~~ninety (90)~~ one hundred twenty (120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or ~~one hundred eighty (180)~~ one hundred twenty (120) Calendar Days, if the Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of the Interconnection Customer or at any time ~~Transmission Provider~~ the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection Facilities Study, ~~Transmission Provider~~ the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If ~~Transmission Provider~~ the Participating TO and/or ISO is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

~~The Interconnection Customer may~~ shall, within thirty (30) Calendar Days after receipt of the draft report, ~~either (i) provide written comments to Transmission Provider, which Transmission Provider~~ the Participating TO and ISO, which the Participating TO and/or ISO shall include in the final report. ~~Transmission Provider, or (ii) provide a statement to the Participating TO and ISO that it will not provide comments.~~ The Participating TO and/or ISO shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving ~~the Interconnection Customer's~~ comments or promptly upon receiving ~~the Interconnection Customer's~~ statement that it will not provide comments. ~~Transmission Provider~~ The Participating TO and/or ISO may reasonably extend such fifteen-day period upon notice to ~~the Interconnection Customer~~ if ~~the Interconnection Customer's~~ comments require ~~Transmission Provider~~ the Participating TO and/or ISO to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, ~~Transmission Provider~~ the Participating TO and/or ISO shall provide ~~the Interconnection Customer~~ supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

8.4 Meeting with ~~Transmission Provider~~ Participating TO and ISO.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to ~~the Interconnection Customer, Transmission Provider~~ the Participating TO, the ISO and ~~the Interconnection Customer~~ shall meet to discuss the results of the Interconnection Facilities Study and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.

8.5 Re-Study.

If ~~Re-Study~~ re-study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to LGIP Section 4.4, Transmission Provider or any other effective change in information which necessitates a re-study, the Participating TO shall so notify the Interconnection Customer in writing. Such Re-Study and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue. Such re-study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection Facilities Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is

required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement (“E&P”) Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and ~~Transmission Provider~~ the Participating TO shall offer the Interconnection Customer, an E&P Agreement that authorizes ~~Transmission Provider~~ the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, ~~Transmission Provider~~ the Participating TO shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer’s Queue Position or In-Service Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, ~~Transmission Provider~~ the Participating TO may elect: (i) to take title to the equipment, in which event ~~Transmission Provider~~ the Participating TO shall refund the Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study results, the Interconnection Customer may request, and ~~Transmission Provider~~ the Participating TO or ISO shall perform a reasonable number of Optional Interconnection Studies. The request shall describe the assumptions that the Interconnection Customer wishes ~~Transmission Provider~~ the Participating TO or ISO to study within the scope described in LGIP Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, ~~Transmission Provider~~ the Participating TO or ISO shall provide to the Interconnection Customer an Optional Interconnection Study Agreement ~~in the form of Appendix 5.~~

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer’s assumptions as to which Interconnection Requests with earlier queue priority dates higher Queue Positions will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional

Interconnection Study case, and (iii) ~~Transmission Provider~~the Participating TO's or ISO's estimate of the cost of the Optional Interconnection Study. To the extent known by ~~Transmission Provider~~the Participating TO or ISO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, ~~Transmission Provider~~the Participating TO or ISO shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

~~The~~ Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to ~~Transmission Provider~~the Participating TO or ISO as applicable.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by ~~the~~ Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify ~~Transmission Provider~~the Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. ~~Transmission Provider~~The Participating TO or ISO shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. ~~Transmission Provider~~The Participating TO or ISO shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The ~~executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to~~ ~~Transmission Provider~~ within ten (10) Business Days of ~~Interconnection Customer receipt of the Optional Interconnection Study Agreement.~~ ~~Transmission Provider~~Participating TO or ISO shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If ~~Transmission Provider~~the Participating TO or ISO is unable to complete the Optional Interconnection Study within such time period, it shall notify ~~the~~ Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to ~~Transmission Provider~~the Participating TO or ISO, as applicable, or refunded to ~~the~~ Interconnection Customer, as appropriate. Upon request, ~~Transmission Provider~~the Participating TO or ISO shall provide ~~the~~ Interconnection Customer supporting documentation and workpapers, and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA).

11.1 Tender.

~~Interconnection Customer shall tender comments on~~ Simultaneously with the issuance of the draft Interconnection Facilities Study Report ~~within thirty (30) Calendar Days of receipt~~

~~of the report. Within thirty (30) Calendar Days after the comments are submitted, Interconnection Customer shall tender report to the Interconnection Customer, the Participating TO shall tender to the Interconnection Customer a draft LGIA, together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of Transmission Provider's the FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return. Within thirty (30) Calendar Days after the Participating TO and the ISO receive the Interconnection Customer's written comments, or notification of no comments, to the draft Interconnection Facilities Study report, the Participating TO shall tender the completed draft LGIA appendices within thirty (30) Calendar Days.~~

11.2 Negotiation.

Notwithstanding LGIP Section 11.1, at the request of the Interconnection Customer Transmission Provider, the Participating TO, and ISO as necessary, shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Customer executes the Interconnection Facilities Study Agreement. ~~Transmission Provider and~~ The Participating TO and ISO, as necessary, and the Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study ~~Report~~ report. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the LGIA pursuant to LGIP Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to LGIP Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within ~~sixty~~ ninety (90) Calendar Days ~~thereafter~~ after issuance of the final Interconnection Facilities Study report fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to LGIP Section 13.5 within ~~sixty days of tender of completed draft of the LGIA appendices~~ ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report, it shall be deemed to have withdrawn its Interconnection Request. ~~Transmission Provider~~ The Participating TO shall provide to the Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

~~Within fifteen (15) Business Days after receipt of the final LGIA,~~ At the time that the Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below, the Interconnection Customer shall provide Transmission Provider the Participating TO (A) reasonable evidence ~~that~~ of continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

~~The~~ Interconnection Customer shall either: (i) execute ~~two~~four originals of the tendered LGIA and return ~~them to Transmission Provider~~one to the Participating TO and two to the ISO; or (ii) request in writing that ~~Transmission Provider~~the Participating TO file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the ~~two~~ executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, ~~Transmission Provider~~the Participating TO and ISO shall file the LGIA with FERC, as necessary, together with ~~its~~an explanation of any matters as to which ~~the~~ Interconnection Customer and ~~Transmission Provider~~the Participating TO or ISO disagree and support for the costs that ~~Transmission Provider~~the Participating TO proposes to charge to ~~the~~ Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by ~~Transmission Provider~~the Participating TO and ISO for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If ~~the~~ Interconnection Customer executes the final LGIA, ~~Transmission Provider and the Participating TO, ISO and the~~ Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, ~~the~~ Interconnection Customer ~~and Transmission Provider~~ shall promptly, Participating TO and ISO may proceed to comply with the unexecuted LGIA, subject to modification by FERC pending FERC action.

11.5 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook.

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.

Section 12. Construction of ~~Transmission Provider~~Participating TO's Interconnection Facilities and Network Upgrades.

12.1 Schedule.

~~Transmission Provider~~The Participating TO and the Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of ~~Transmission Provider~~the Participating TO's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General.

In general, the ~~In-Service Date~~in-service date in the LGIA of an Interconnection ~~Customers~~Customer seeking interconnection to the ~~Transmission System~~ISO Controlled Grid will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that ~~Transmission Provider~~the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the ~~Transmission System~~Participating TO's portion of the ISO Controlled Grid, in time to support such In-Service Date. Upon such request, ~~Transmission Provider~~the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay ~~Transmission Provider~~the Participating TO: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

~~Transmission Provider~~The Participating TO will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA-, subject to the limitations set forth in LGIP Section 3.4.3. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that ~~Transmission Provider~~the Participating TO has not refunded to the Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. ~~Transmission Provider~~The Participating TO shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. ~~Transmission Provider~~The Participating TO then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA-, subject to the limitations set forth in LGIP Section 3.4.3.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the ~~Transmission Provider~~Participating TO.

An Interconnection Customer with an LGIA, in order to maintain its ~~In-Service Date~~in-service date as specified in the LGIA, may request that ~~Transmission Provider~~the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such ~~In-Service Date~~in-service date and (ii) would otherwise not be completed, pursuant to an expansion plan of ~~Transmission Provider~~the Participating TO, in time to support such ~~In-Service Date~~in-service date. Upon such request, ~~Transmission Provider~~the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay ~~Transmission Provider~~the Participating TO any associated expediting costs. The Interconnection Customer shall be entitled to ~~transmission credits~~refunds, if any, in accordance with this LGIP and the LGIA, for any expediting costs paid.

12.2.4 Amended Interconnection ~~System Impact~~ Study.

An Interconnection ~~System Impact~~ Study will be amended, as needed, to determine the facilities necessary to support the requested ~~In-Service Date~~in-service date as specified in the LGIA. This amended study will include those transmission ~~and~~facilities, Large Generating Facilities and any other generating facilities that are expected to be in service on or before the requested ~~In-Service Date~~in-service date. If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days a

written request that the Participating TO either (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the Participating TO to continue with the amended study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the amended study along with providing written notice for the Participating TO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment, and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days from the date of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO is unable to complete the amended Interconnection Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.

Section 13. Miscellaneous.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by ~~either~~any of the Parties to the other Parties prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the ~~Party~~Parties receiving the information that the information is confidential.

If requested by ~~either~~any Party, the other ~~Party~~Parties shall provide in writing, the basis for asserting that the information referred to in this ~~Article~~Section warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

The confidentiality provisions of this LGIP are limited to information provided pursuant to this LGIP.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or ~~Breach~~breach of the LGIA; or (6) is required, in accordance with LGIP Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by

law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA/LGIP. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party/Parties that it no longer is confidential.

13.1.2 Release of Confidential Information.

~~Neither~~No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by ~~the~~FERC's Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), ~~employees, consultants,~~ or to parties who may be or considering providing financing to or equity participation with the Interconnection Customer, or to potential purchasers or assignees of the Interconnection Customer, on a need-~~to~~-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this LGIP Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this LGIP Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party/Parties. The disclosure by each Party to the other Party/Parties of Confidential Information shall not be deemed a waiver by ~~either~~a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, ~~neither~~no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, ~~neither~~no Party obligates itself to provide any particular information or Confidential Information to the other Party/Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party/Parties under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires ~~either~~any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party/Parties with prompt notice of such request(s) or requirement(s) so that the other Party/Parties may seek an appropriate protective order or waive compliance with the terms of the LGIA/LGIP. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled

to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

The Parties agree that monetary ~~Monetary~~ damages would be ~~inadequate~~ inadequate to compensate a Party for ~~the other another~~ another Party's ~~Breachbreach~~ breach of its obligations under this LGIP Section 13.1. Each Party accordingly agrees that the other ~~PartyParties~~ Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party ~~Breachesbreaches~~ breaches or threatens to ~~Breachbreach~~ breach its obligations under this LGIP Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

Such remedy shall not be deemed an exclusive remedy for the ~~Breachbreach~~ breach of this LGIP Section 13.1, but shall be in addition to all other remedies available at law or in equity. ~~The Parties further acknowledge and agree that~~ Further, the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this LGIP Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR.C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information.

In providing the information to FERC or its staff, the Party must, consistent with 18 CFR.C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other ~~PartyParties~~ Parties prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other ~~Party~~ Party ~~to the LGIA applicable Parties~~ when ~~it~~ it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time ~~either any~~ either any of the Parties may respond before such information would be made public, pursuant to 18 CFR.C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9

Subject to the exception in LGIP Section 13.1.8, any ~~information that a Party claims is competitively sensitive, commercial or financial information~~ ("Confidential Information") shall not be disclosed by the other ~~PartyParties~~ Parties to any person not employed or retained by the other ~~PartyParties~~ Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other ~~PartyParties~~ Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other ~~PartyParties~~ Parties in writing of the information it claims is confidential. Prior to any disclosures of ~~the other another~~ another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify

the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a ~~Breach~~breach of this provision).

13.1.11 ~~Transmission Provider~~ The Participating TO or ISO shall, at the Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

~~Transmission Provider~~ The Participating TO and ISO may use the services of subcontractors as it ~~deems~~ deemed appropriate to perform ~~its~~ their obligations under this LGIP. ~~Transmission Provider~~ The Participating TO or ISO shall remain primarily liable to the Interconnection Customer for the performance of ~~such~~ its respective subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

~~Transmission Provider~~ The Participating TO or ISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, ~~except as otherwise provided herein,~~ to the Interconnection Customer or offset against the cost of any future Interconnection Studies associated with ~~the applicable Interconnection Request prior to beginning of any such future Interconnection Studies.~~ Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. ~~Transmission Provider~~ The Participating TO or ISO shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study ~~Agreement~~ agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to LGIP Sections 6.3, 7.4 or 8.3 that ~~Transmission Provider~~ the Participating TO or ISO will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under LGIP Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may require ~~Transmission Provider~~ the Participating TO or ISO to utilize a third party consultant reasonably acceptable to the Interconnection Customer and ~~Transmission Provider~~ the Participating TO or ISO to perform such Interconnection Study under the direction of ~~Transmission Provider~~ the Participating TO or ISO. At other times, ~~Transmission Provider~~ the Participating TO or ISO may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where ~~Transmission Provider determines~~ the Participating TO and ISO determine that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with ~~Transmission Provider~~ the Participating TO's and ISO's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer and ~~Transmission Provider~~ the Participating TO or ISO shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. ~~Transmission Provider~~ The Participating TO or ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in LGIP Section 13.1. In any case, such third party contract may be entered into with either the Interconnection Customer or ~~Transmission Provider~~ at Transmission Provider's the Participating TO or ISO at the Participating TO's or ISO discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), the ISO Tariff, and the relevant ~~OATT procedures and protocols~~ Participating TO's TO Tariff as would apply if ~~Transmission Provider~~ the Participating TO or ISO were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. ~~Transmission Provider~~ The Participating TO or ISO shall cooperate with such third party consultant and the Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of ~~this~~ the LGIA and LGIP.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator

within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this LGIP Section 13, the terms of this LGIP Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

13.6 Local Furnishing Bonds.

13.6.1 ~~Transmission Providers~~Participating TOs That Own Facilities Financed by Local Furnishing Bonds.

This provision is applicable only to a ~~Transmission Provider~~Participating TO that has financed facilities for the local furnishing of electric energy with ~~tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds")~~Local Furnishing Bonds. Notwithstanding any other provision of this LGIA and LGIP, ~~Transmission Provider~~provisions of this LGIP, the Participating TO and the ISO shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIA~~LGIP~~ and ~~LGIP~~the LGIA if the provision of such ~~Transmission~~Interconnection Service would jeopardize the tax-exempt status of any ~~local furnishing bond(s) used to finance Transmission Provider's facilities that would be used in providing such Interconnection Service~~Local Furnishing Bond(s) issued for the benefit of the Participating TO.

13.6.2 Alternative Procedures for Requesting Interconnection Service.

~~If Transmission Provider~~If the Participating TO determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any ~~local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service~~Local Furnishing Bond(s) issued for the benefit of the Participating TO, it shall advise the Interconnection Customer and the ISO within ~~thirty (30) days~~Calendar Days of receipt of the Interconnection Request.

The Interconnection Customer thereafter may renew its request for the same interconnection ~~using the process specified in Article 5.2(ii) of the Transmission Provider's OATT~~Service by tendering an application under Section 211 of the Federal Power Act, in which case the Participating TO, within ten (10) Calendar Days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a).

of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, and the ISO and Participating TO shall provide the requested Interconnection Service pursuant to the terms and conditions set forth in this LGIP and the LGIA.

APPENDIX 1 TO LGIP

APPENDIX 1 _____ INTERCONNECTION REQUEST

**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST FOR A
LARGE GENERATING FACILITY**

Provide three copies of this completed form pursuant to Section 7 below.

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with ~~Transmission Provider's Transmission System~~ the ISO Controlled Grid pursuant to ~~the ISO~~ the ISO Tariff.
2. This Interconnection Request is for (check one):
 - A proposed new Large Generating Facility.
 - An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. ~~The type of interconnection service requested (check one):~~
 - ~~Energy Resource Interconnection Service~~
 - ~~Network Resource Interconnection Service~~
4. ~~Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service~~
5. ~~4.~~ The Interconnection Customer provides the following information:
 - a. Address or location ~~or, including the county, of~~ the proposed new Large Generating Facility site ~~(to the extent known)~~ or, in the case of an existing Generating Facility, the name and specific location, including the county, of the existing Generating Facility;
 - b. Maximum summer at degrees C and winter at degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - ~~c. General~~ c. Type of project (i.e., gas turbine, hydro, wind, etc.) and general description of the equipment configuration;
 - d. Proposed In-Service Date, Trial Operation date and Commercial Operation Date (Day, Month by day, month, and Year) year and term of service;
 - e. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection ~~(optional);~~ and
 - g. Interconnection Customer Data (set forth in Attachment A)
6. ~~5.~~ Applicable deposit amount as specified in the LGIP.
7. ~~6.~~ Evidence of Site Control as specified in the LGIP and name(s), address(es) and contact information of site owner(s) (check one):
 - Is attached to this Interconnection Request

_____ Will be provided at a later date in accordance with this LGIP

~~8.7.~~ This Interconnection Request shall be submitted to the representative indicated below:

New Resource Interconnection
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Overnight address: 151 Blue Ravine Road, Folsom, CA 95630

8. Representative of the Interconnection Customer to contact:

[To be completed by ~~Transmission Provider~~ the Interconnection Customer]

9. ~~Representative of Interconnection Customer to contact:~~

_____ [To be completed by ~~Interconnection Customer~~]10. _____ This Interconnection Request is submitted by:

Name of the Interconnection Customer:

By (signature): _____

Name (type or print): _____

Title: _____

Date:

_____ Date: _____

**Attachment A to
To Appendix 1
Interconnection Request**

LARGE GENERATING FACILITY DATA

UNIT RATINGS

kVA _____ °F _____ Voltage _____
 Power Factor _____
 Speed (RPM) _____ Connection (e.g. Wye) _____
 Short Circuit Ratio _____ Frequency, Hertz _____
 Stator Amperes at Rated kVA _____ Field Volts _____
 Max Turbine MW _____ °F _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA
 Moment of Inertia, WR² = _____ lb. ft.²

REACTANCE DATA (PER UNIT RATED KVA)

Provide three copies of this completed form pursuant to Section 7 of Appendix 1.

~~DIRECT AXIS QUADRATURE AXIS~~

Synchronous – saturated	X _{dv}	_____	X _{qv}	_____
Synchronous – unsaturated	X _{di}	_____	X _{qi}	_____
Transient – saturated	X' _{dv}	_____	X' _{qv}	_____
Transient – unsaturated	X' _{di}	_____	X' _{qi}	_____
Subtransient – saturated	X'' _{dv}	_____	X'' _{qv}	_____
Subtransient – unsaturated	X'' _{di}	_____	X'' _{qi}	_____
Negative Sequence – saturated	X _{2v}	_____		
Negative Sequence – unsaturated	X _{2i}	_____		
Zero Sequence – saturated	X _{0v}	_____		
Zero Sequence – unsaturated	X _{0i}	_____		
Leakage Reactance	X _{lm}	_____		

FIELD TIME CONSTANT DATA (SEC)

1. Provide two original prints and one reproducible copy (no larger than 36" x 24") of the following:

Open Circuit	T'_{d0}	T'_{q0}
Three-Phase Short Circuit Transient	T'_{d3}	T'_q
Line to Line Short Circuit Transient	T'_{d2}	
Line to Neutral Short Circuit Transient	T'_{d1}	
Short Circuit Subtransient	T''_d	T''_q
Open Circuit Subtransient	T''_{d0}	T''_{q0}

- A. Site drawing to scale, showing generator location and point of interconnection with the ISO Controlled Grid.
- B. Single-line diagram showing applicable equipment such as generating units, step-up transformers, auxiliary transformers, switches/disconnects of the proposed interconnection, including the required protection devices and circuit breakers. For wind generator farms, the one line diagram should include the distribution lines connecting the various groups of generating units, the generator capacitor banks, the step up transformers, the distribution lines, and the substation transformers and capacitor banks at the point of interconnection with the utility.

2. Generating Facility Information

- A) Total Generating Facility rated output (kW):
- B) Generating Facility auxiliary load (kW):
- C) Project net capacity (kW):
- D) Standby load when Generating Facility is off-line (kW):

- E) Number of Generating Units:
(Please repeat the following items for each generator)
- F) Individual generator rated output (kW for each unit):
- G) Manufacturer:
- H) Year Manufactured:
- I) Nominal Terminal Voltage:
- J) Rated Power Factor (%):
- K) Type (Induction, Synchronous, D.C. with Inverter):
- L) Phase (3 phase or single phase):
- M) Connection (Delta, Grounded WYE, Ungrounded WYE, impedance grounded):

- N) Generator Voltage Regulation Range:
- O) Generator Power Factor Regulation Range:
- P) For combined cycle plants, specify the plant output for an outage of the steam turbine or an outage of a single combustion turbine:

ARMATURE TIME CONSTANT DATA (SEC)

3. Synchronous Generator – General Information:

(Please repeat the following for each generator)

Three Phase Short Circuit	T_{a3}
Line to Line Short Circuit	T_{a2}
Line to Neutral Short Circuit	T_{a1}

- A. Rated Generator speed (rpm):
- B. Rated MVA:
- C. Rated Generator Power Factor:

D. Generator Efficiency at Rated Load (%):

- E. Moment of Inertia (including prime mover):
- F. Inertia Time Constant (on machine base) H: _____ sec or MJ/MVA
- G. SCR (Short-Circuit Ratio - the ratio of the field current required for rated open-circuit voltage to the field current required for rated short-circuit current):
- H. Please attach generator reactive capability curves.
- I. Rated Hydrogen Cooling Pressure in psig (Steam Units only):
- J. Please attach a plot of generator terminal voltage versus field current that shows the air gap line, the open-circuit saturation curve, and the saturation curve at full load and rated power factor.

NOTE: If requested information is not applicable, indicate by marking "N/A."

4. Excitation System Information

(Please repeat the following for each generator)

- A. Indicate the Manufacturer _____ and Type _____ of excitation system used for the generator. For exciter type, please choose from 1 to 8 below or describe the specific excitation system.

- 1) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is independent of the generator terminal voltage and current.

**MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA**

- 2) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is bus fed from the generator terminal voltage.

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

- 3) Rotating DC commutator exciter with non-continuously acting regulator (i.e., regulator adjustments are made in discrete increments).

Positive _____ R_1 _____
Negative _____ R_2 _____
Zero _____ R_0 _____

- 4) Rotating AC Alternator Exciter with non-controlled (diode) rectifiers. The regulator power source is independent of the generator terminal voltage and current (not bus-fed).

Rotor Short Time Thermal Capacity $I_2^2 t =$ _____
Field Current at Rated kVA, Armature Voltage and PF = _____ amps
Field Current at Rated kVA and Armature Voltage, 0 PF = _____ amps
Three Phase Armature Winding Capacitance = _____ microfarad
Field Winding Resistance = _____ ohms _____ °C
Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

- 5) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers. The regulator power source is fed from the exciter output voltage.

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

- 6) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers.

- 7) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from the generator terminal voltage.
- 8) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from a combination of generator terminal voltage and current (compound-source controlled rectifiers system).

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

- B. Attach a copy of the block diagram of the excitation system from its instruction manual. The diagram should show the input, output, and all feedback loops of the excitation system.
- C. Excitation system response ratio (ASA): _____
- D. Full load rated exciter output voltage: _____
- E. Maximum exciter output voltage (ceiling voltage): _____
- F. Other comments regarding the excitation system?

Capacity _____ Self-cooled/
 _____ Maximum Nameplate
 _____ / _____ kVA

5. Power System Stabilizer Information.

(Please repeat the following for each generator. All new generators are required to install PSS unless an exemption has been obtained from WECC. Such an exemption can be obtained for units that do not have suitable excitation systems.)

- A. Manufacturer: _____
- B. Is the PSS digital or analog? _____
- C. Note the input signal source for the PSS?
_____ Bus frequency _____ Shaft speed _____ Bus Voltage Ratio(Generator
Side/System side/Tertiary)
_____ / _____ / _____ kV
_____ Other (specify source)

- D. Please attach a copy of a block diagram of the PSS from the PSS Instruction Manual and the correspondence between dial settings and the time constants or PSS gain.
- E. Other comments regarding the PSS?

6. Turbine-Governor Information

(Please repeat the following for each generator)

Please complete Part A for steam, gas or combined-cycle turbines, Part B for hydro turbines, and Part C for both.

- A. Steam, gas or combined-cycle turbines:
 - 1.) List type of unit (Steam, Gas, or Combined-cycle): _____
 - 2.) If steam or combined-cycle, does the turbine system have a reheat process (i.e., both high and low pressure turbines)? _____
 - 3.) If steam with reheat process, or if combined-cycle, indicate in the space provided, the percent of full load power produced by each turbine: _____

Low pressure turbine or gas turbine: _____ %
High pressure turbine or steam turbine: _____ %

B. Hydro turbines:

- 1.) Turbine efficiency at rated load: _____ %
- 2.) Length of penstock: _____ ft
- 3.) Average cross-sectional area of the penstock: _____ ft²
- 4.) Typical maximum head (vertical distance from the bottom of the penstock, at the gate, to the water level): _____ ft
- 5.) Is the water supply run-of-the-river or reservoir: _____
- 6.) Water flow rate at the typical maximum head: _____ ft³/sec
- 7.) Average energy rate: _____ kW-hrs/acre-ft
- 8.) Estimated yearly energy production: _____ kW-hrs

C. Complete this section for each machine, independent of the turbine type.

- 1.) Turbine manufacturer: _____
- 2.) Maximum turbine power output: _____ MW
- 3.) Minimum turbine power output (while on line): _____ MW
- 4.) Governor information: _____
 - a: Droop setting (speed regulation): _____
 - b: Is the governor mechanical-hydraulic or electro-hydraulic (Electro-hydraulic governors have an electronic speed sensor and transducer.)? _____
 - c: Other comments regarding the turbine governor system?

7. Synchronous Generator and Associated Equipment – Dynamic Models:

For each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the General Electric PSLF Program Manual and provide the required input data. The manual is available on the GE website at www.gepower.com. Select the following links within the website: 1) Our Businesses, 2) GE Power Systems, 3) Energy Consulting, 4) GE PSLF Software, 5) GE PSLF User's Manual.

Winding Connections (Low V/High V/Tertiary V (Delta or Wye))

There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram. The block diagrams are also available on the Ca-ISO website.

Fixed Taps Available

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

Present Tap Setting

8. Induction Generator Data:

- A. Rated Generator Power Factor at rated load: _____
- B. Moment of Inertia (including prime mover): _____
- C. Do you wish reclose blocking? Yes _____, No _____

Note: Sufficient capacitance may be on the line now, or in the future, and the generator may self-excite unexpectedly.

IMPEDANCE

9. Generator Short Circuit Data

Positive _____ Z_1 (on self-cooled kVA rating) _____ % _____ X/R

For each generator, provide the following reactances expressed in p.u. on the generator base:

Zero _____ Z_0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

- $X''1$ – positive sequence subtransient reactance: _____
- $X''2$ – negative sequence subtransient reactance: _____
- $X''0$ – zero sequence subtransient reactance: _____

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

Generator Grounding:

- A. Solidly grounded
- B. Grounded through an impedance

Impedance value in p.u. on generator base. R: _____ p.u.

X: _____ p.u.

- C. Ungrounded

10. Step-Up Transformer Data

GOVERNOR SYSTEM DATA

For each step-up transformer, fill out the data form provided in Table 1.

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

11. Line Data

There is no need to provide data for new lines that are to be planned by the Participating TO. However, for transmission lines that are to be planned by the generation developer, please provide the following information:

Nominal Voltage: _____

Line Length (miles): _____

Line termination Points: _____

Conductor Type: _____ Size: _____

If bundled. Number per phase: _____, Bundle spacing: _____ in.

Phase Configuration. Vertical: _____, Horizontal: _____

Phase Spacing (ft): A-B: _____, B-C: _____, C-A: _____

Distance of lowest conductor to Ground: _____ ft

Ground Wire Type: _____ Size: _____ Distance to Ground: _____ ft

Attach Tower Configuration Diagram
Summer line ratings in amperes (normal and emergency)
Resistance (R): _____ p.u.**
Reactance: (X): _____ p.u.**
Line Charging (B/2): _____ p.u.**
** On 100-MVA and nominal line voltage (kV) Base

WIND GENERATORS

12. Wind Generators

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version: _____

List of adjustable setpoints for the protective equipment or software: _____

~~Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Scoping Meeting.~~

INDUCTION GENERATORS

- (*)-Field Volts: _____
- (*)-Field Amperes: _____
- (*)-Motoring Power (kW): _____ =
- (*)-Neutral Grounding Resistor (If Applicable): _____
- (*)-I₂²t or K (Heating Time Constant): _____
- (*)-Rotor Resistance: _____
- (*)-Stator Resistance: _____
- (*)-Stator Reactance: _____
- Stator Reactance: _____
- (*)-Rotor Reactance: _____ =
- (*)-Magnetizing Reactance: _____
- (*)-Short Circuit Reactance: _____
- (*)-Exciting Current: _____
- (*)-Temperature Rise: _____
- (*)-Frame Size: _____
- (*)-Design Letter: _____
- (*)-Reactive Power Required In Vars (No Load): _____
- (*)-Reactive Power Required In Vars (Full Load): _____
- (*)-Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

Note: Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

TABLE 1
TRANSFORMER DATA

UNIT _____

NUMBER OF TRANSFORMERS _____ PHASE _____

<u>RATED KVA</u>	<u>H Winding</u>	<u>X Winding</u>	<u>Y Winding</u>
<u>Connection</u> (Delta, Wye, Gnd.)	_____	_____	_____
<u>55 C Rise</u>	_____	_____	_____
<u>65 C Rise</u>	_____	_____	_____
<u>RATED VOLTAGE</u>	_____	_____	_____
<u>BIL</u>	_____	_____	_____
<u>AVAILABLE TAPS</u> (planned or existing)	_____	_____	_____
<u>LOAD TAP CHANGER?</u>	_____	_____	_____
<u>TAP SETTINGS</u>	_____	_____	_____

COOLING TYPE : OA OA/FA OA/FA/FA OA/FOA

<u>IMPEDANCE</u>	<u>H-X</u>	<u>H-Y</u>	<u>X-Y</u>
<u>Percent</u>	_____	_____	_____
<u>MVA Base</u>	_____	_____	_____
<u>Tested Taps</u>	_____	_____	_____
<u>WINDING RESISTANCE</u>	H	X	Y
<u>Ohms</u>	_____	_____	_____

CURRENT TRANSFORMER RATIOS

H _____ X _____ Y _____ N _____

PERCENT EXCITING CURRENT 100 % Voltage: _____ 110% Voltage _____

Supply copy of nameplate and manufacture's test report when available

**APPENDIX 2 to LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

~~THIS AGREEMENT~~ is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____ ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

~~WHEREAS~~, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

~~WHEREAS~~, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System; and

~~WHEREAS~~, Interconnection Customer has requested Transmission Provider to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Transmission System, and of any Affected Systems;

~~NOW, THEREFORE~~, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- ~~1.0~~ When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- ~~2.0~~ Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of this LGIP in accordance with the Tariff.
- ~~3.0~~ The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- ~~4.0~~ The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting.

~~Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.~~

~~5.0 The Interconnection Feasibility Study report shall provide the following information:~~

~~- preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;~~

~~- preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection; and~~

~~- preliminary description and non-bonding estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit and power flow issues.~~

~~6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.~~

~~Upon receipt of the Interconnection Feasibility Study Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.~~

~~Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.~~

~~7.0 Miscellaneous. The Interconnection Feasibility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.~~

_____ **IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____ By:

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A to Appendix 2
Interconnection Feasibility
Study Agreement**

**~~ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY~~**

~~_____ The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:~~

~~_____ Designation of Point of Interconnection and configuration to be studied.~~

~~_____ Designation of alternative Point(s) of Interconnection and configuration.~~

~~_____ [Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]~~

**APPENDIX 3 to LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

~~THIS AGREEMENT~~ is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____ ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

~~WHEREAS~~, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

~~WHEREAS~~, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

~~WHEREAS~~, Transmission Provider has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to Interconnection Customer (This recital to be omitted if Transmission Provider does not require the Interconnection Feasibility Study.); and

~~WHEREAS~~, Interconnection Customer has requested Transmission Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the Transmission System, and of any Affected Systems;

~~NOW, THEREFORE~~, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

~~1.0~~ When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.

~~2.0~~ Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of this LGIP in accordance with the Tariff.

- ~~3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.~~
- ~~4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.~~
- ~~5.0 The Interconnection System Impact Study report shall provide the following information:~~
- ~~- identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;~~
 - ~~- identification of any thermal overload or voltage limit violations resulting from the interconnection;~~
 - ~~- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and~~
 - ~~- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.~~
- ~~6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].~~

~~Upon receipt of the Interconnection System Impact Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.~~

~~Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.~~

~~7.0 Miscellaneous. The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.]~~

~~**IN WITNESS THEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.~~

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____ By:

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 3
Interconnection System Impact
Study Agreement**

**~~ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY~~**

~~—— The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:~~

~~Designation of Point of Interconnection and configuration to be studied.
Designation of alternative Point(s) of Interconnection and configuration.~~

~~—— [Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]~~

**APPENDIX 4 to LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

~~THIS AGREEMENT~~ is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

~~WHEREAS~~, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

~~WHEREAS~~, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

~~WHEREAS~~, Transmission Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

~~WHEREAS~~, Interconnection Customer has requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Transmission System.

~~NOW, THEREFORE~~, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- ~~1.0~~ When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC approved LGIP.
- ~~2.0~~ Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to be performed in accordance with the Tariff.

- ~~3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.~~
- ~~4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.~~
- ~~5.0 Interconnection Customer shall provide a deposit of \$100,000 for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.~~

~~Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.~~

- ~~6.0 Miscellaneous. The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.~~

~~_____ **IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.~~

~~**[Insert name of Transmission Provider or Transmission Owner, if applicable]**~~

~~By: _____ By:~~

~~_____~~

~~Title: _____ Title: _____~~

~~_____~~

~~Date: _____ Date: _____~~

~~_____~~

~~**[Insert name of Interconnection Customer]**~~

~~By: _____~~

~~Title: _____~~

~~Date: _____~~

**Attachment A To Appendix 4
Interconnection Facilities
Study Agreement**

**~~INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE
INTERCONNECTION FACILITIES STUDY~~**

~~Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:~~

~~_____ ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or~~

~~_____ one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.~~

Attachment B to Appendix 4

**Interconnection Facilities
Study Agreement**

**~~DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE
INTERCONNECTION FACILITIES STUDY AGREEMENT~~**

~~Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.~~

~~One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections:~~

~~On the one line diagram indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)~~

~~On the one line diagram indicate the location of auxiliary power. (Minimum load on CT/PT) Amps~~

~~Will an alternate source of auxiliary power be available during CT/PT maintenance?
_____Yes _____No~~

~~Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? _____Yes _____No (Please indicate on one line diagram).~~

~~What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?~~

~~_____~~
~~_____~~
~~=~~

~~What protocol does the control system or PLC use?~~

~~_____~~
~~_____~~
~~=~~

~~Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.~~

~~Physical dimensions of the proposed interconnection station:~~

~~_____~~
~~_____~~
~~=~~

~~Bus length from generation to interconnection station:~~

=

Line length from interconnection station to Transmission Provider's transmission line.

=

Tower number observed in the field. (Painted on tower leg)* _____

Number of third party easements required for transmission lines*:

=

_____ * To be completed in coordination with Transmission Provider.

Is the Large Generating Facility in the Transmission Provider's service area?

____ Yes _____ No Local provider: _____

Please provide proposed schedule dates:

_____ Begin Construction _____ Date: _____

_____ Generator step-up transformer _____ Date: _____
_____ receives back feed power

_____ Generation Testing _____ Date: _____

_____ Commercial Operation _____ Date: _____

APPENDIX 5 to LGIP

OPTIONAL INTERCONNECTION STUDY AGREEMENT

~~THIS AGREEMENT~~ is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____ ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

~~WHEREAS~~, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____;

~~WHEREAS~~, Interconnection Customer is proposing to establish an interconnection with the Transmission System; and

~~WHEREAS~~, Interconnection Customer has submitted to Transmission Provider an Interconnection Request; and

~~WHEREAS~~, on or after the date when Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that Transmission Provider prepare an Optional Interconnection Study;

~~NOW, THEREFORE~~, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- ~~1.0~~ When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- ~~2.0~~ Interconnection Customer elects and Transmission Provider shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff.
- ~~3.0~~ The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- ~~4.0~~ The Optional Interconnection Study shall be performed solely for informational purposes.

~~5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.~~

~~6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. Transmission Provider's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].~~

~~Upon receipt of the Optional Interconnection Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Optional Study.~~

~~Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.~~

~~7.0 Miscellaneous. The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.~~

~~_____ **IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.~~

~~**[Insert name of Transmission Provider or Transmission Owner, if applicable]**~~

~~By: _____ By:
_____~~

~~Title: _____ Title: _____
_____~~

~~Date: _____ Date: _____
_____~~

~~**[Insert name of Interconnection Customer]**~~

~~By: _____~~

~~Title: _____~~

~~Date: _____~~

ATTACHMENT D

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute Original Sheet No. 885

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 5, 2005

Effective: Upon Date of Final Commission Order on
Order No. 2003 Compliance Filing

**Standard Large Generator
Interconnection Procedures (LGIP)**

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SECTION 1. OBJECTIVES, DEFINITIONS, AND INTERPRETATION.

1.1 Objectives.

The objective of this LGIP is to implement FERC's Order No. 2003 setting forth the requirements for Large Generating Facility interconnections to the ISO Controlled Grid.

1.2 Definitions.

1.2.1 Master Definitions Supplement.

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this LGIP. A reference to a Section or an Appendix is a reference to a Section or an Appendix of the ISO Tariff. References to LGIP are to this Protocol or to the stated paragraph of this Protocol.

1.2.2 Special Definitions for this LGIP.

In this LGIP, the following words and expressions shall have the meanings set opposite them:

"Confidential Information" shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Section 13.1 of the LGIP.

"Dispute Resolution" shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties.

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

"Party" or "Parties" shall mean the ISO, Participating TO(s), Interconnection Customer or the applicable combination of the above.

"Reasonable Efforts" shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Procedures, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

1.2.3 Rules of Interpretation.

(a) Unless the context otherwise requires, if the provisions of this LGIP and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency.

Issued by: Charles F. Robinson, Vice President and General Counsel
Issued on: January 5, 2005

Effective: Upon Date of Final Commission Order on
Order No. 2003 Compliance Filing

(b) A reference in this LGIP to a given agreement, ISO Protocol or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made.

(c) The captions and headings in this LGIP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this LGIP.

(d) This LGIP shall be effective as of the date specified by FERC.

Section 2. Scope and Application.

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 of this LGIP apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

The ISO and the applicable Participating TO shall receive, process and analyze Interconnection Requests in a timely manner as set forth in this LGIP. The ISO and the Participating TOs will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by the Participating TO, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

The applicable Participating TO or ISO shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to applicable confidentiality provisions in LGIP Section 13.1. The applicable Participating TO or the ISO is permitted to require that the Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information (as that term is defined by FERC) in the Base Case data. Such Base Cases shall include (i) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the transmission system for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests.

3.1 General.

Pursuant to ISO Tariff Section 5.7.1, an Interconnection Customer shall submit to the ISO

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
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an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. The ISO will forward the deposit and a copy of the Interconnection Request to the applicable

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Issued on: January 5, 2005

Effective: Upon Date of Final Commission Order on
Order No. 2003 Compliance Filing

Participating TO within one (1) Business Day of receipt. The Participating TO shall apply the deposit toward the cost of an Interconnection Feasibility Study. The Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. The Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests.

At the Interconnection Customer's option, the Participating TO, the ISO and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Roles and Responsibilities.

- (a) For each Interconnection Request, the ISO will direct the applicable Participating TO to perform the required Interconnection Studies and any additional studies the ISO determines to be reasonably necessary. The ISO will review the economic viability of Network Upgrades in accordance with LGIP Section 3.4.2. The ISO will coordinate with Affected System Operators in accordance with LGIP Section 3.7.
- (b) Any applicable Participating TO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this LGIP. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within timelines provided in this LGIP.
- (c) Each Interconnection Customer shall pay the reasonable costs of all Interconnection Studies performed by or at the direction of the ISO or the applicable Participating TO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Request.

3.3 Interconnection Service.

3.3.1 The Product. Interconnection Service allows the Interconnection Customer to connect the Large Generating Facility to the ISO Controlled Grid and be eligible to deliver the Large Generating Facility's output using the available capacity of the ISO Controlled Grid. Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or point of delivery.

3.3.2 The Interconnection Studies. The Interconnection Studies consist of, but are not limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The Interconnection Studies will include short circuit/fault duty, steady state and stability analyses and will identify direct Interconnection Facilities and required Reliability Network Upgrades necessary to address short circuit, overload and stability issues associated with the requested Interconnection Service.

The Interconnection Studies will also identify necessary Delivery Network Upgrades to allow full output of the proposed Large Generating Facility under a variety of potential

system conditions, and the maximum allowed output, under a variety of potential system conditions, of the interconnecting Large Generating Facility without the Delivery Network Upgrades.

3.3.3 Deliverability Assessment.

3.3.3.1 The Product. A Deliverability Assessment will be performed which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the ISO Controlled Grid under peak load conditions. The Deliverability Assessment will provide the Interconnection Customer with information as to the level of deliverability without Network Upgrades, and the Deliverability Assessment will provide the Interconnection Customer with information as to the required Network Upgrades to enable the Interconnection Customer's Large Generating Facility the ability to deliver the full output of the proposed Large Generating Facility to the ISO Controlled Grid based on specified study assumptions.

Thus, the Deliverability Assessment results will provide the Interconnection Customer two (2) data points on the scale of deliverability: 1) a deliverability level with no Network Upgrades, and 2) the required Network Upgrades to support 100% deliverability.

Deliverability of a new Large Generating Facility will be assessed on the same basis as all other existing resources interconnected to the ISO Controlled Grid.

3.3.3.2 The Assessment. The Deliverability Assessment will identify the facilities that are required to enable the Interconnection Customer's Large Generating Facility to meet the requirements for deliverability and as a general matter, that such Large Generating Facility's interconnection is also studied with the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures. This approach assumes that some portion of existing resources that are designated as deliverable is displaced by the output of the Interconnection Customer's Large Generating Facility. This Deliverability Assessment in and of itself does not convey any right to deliver electricity to any specific customer or point of delivery.

3.4 Network Upgrades.

3.4.1 Initial Funding

Unless the Participating TO elects to fund the capital for Reliability and Delivery Network Upgrades, subject to the economic test in LGIP Section 3.4.2, they shall be solely funded by the Interconnection Customer.

3.4.2 Economic Test for Network Upgrades

The ISO will review the economic viability of Network Upgrades where the estimated cost of such upgrades exceeds the lesser of \$20 million in costs or \$200,000 per MW of installed capacity. An economic test will be performed to determine whether the overall benefits of the Network Upgrades meet or exceed their costs. As part of the Interconnection Studies, the ISO will work with the Interconnection Customer and the

Participating TO to determine the appropriate costs and benefits to be included in the ISO's economic test.

3.4.3 Repayment of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the Commercial Operation Date. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. The Interconnection Customer may assign such repayment rights to any person.

Instead of direct payments, the Interconnection Customer may elect to receive Firm Transmission Rights (FTRs) in accordance with the ISO Tariff associated with the Network Upgrades that were funded by the Interconnection Customer, to the extent such FTRs or alternative rights are available under the ISO Tariff at the time of the election. Such FTRs would take effect upon the Commercial Operation Date of the Large Generating Facility in accordance with the LGIA.

The Interconnection Customer may elect to receive FTRs associated with any Network Upgrades that are funded by the Interconnection Customer but not eligible for repayment, to the extent such FTRs or alternative rights are available under the ISO Tariff.

3.4.4 Special Provisions for Affected Systems and Other Affected Participating TOs.

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the repayment by the owner of the Affected System and/or other affected Participating TO(s). If the affected entity is another Participating TO, the initial form of agreement will be the LGIA, as appropriately modified.

Any repayment by the owner of the Affected System shall be in accordance with paragraphs 636-639 of FERC Order No. 2003-A (106 FERC ¶ 61,220).

3.5 Valid Interconnection Request.

3.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, the Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of LGIP Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits may be applied toward any Interconnection Studies pursuant to the Interconnection Request. If the Interconnection Customer demonstrates Site Control within the cure period specified in LGIP Section 3.5.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for the ISO's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by the ISO, unless the Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by the ISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and the ISO agree, such agreement not to be unreasonably withheld.

3.5.2 Acknowledgment of Interconnection Request.

The ISO shall acknowledge receipt of the Interconnection Request within six (6) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.5.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in LGIP Section 3.5.1 have been received by the ISO and are deemed complete by the applicable Participating TO and the ISO. If an Interconnection Request fails to meet the requirements set forth in LGIP Section 3.5.1, the ISO shall notify the Interconnection Customer within six (6) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. The Interconnection Customer shall provide the ISO the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by the Interconnection Customer to comply with this LGIP Section 3.5.3 shall be treated in accordance with LGIP Section 3.8.

3.5.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, the applicable Participating TO, in coordination with the ISO, shall establish a date agreeable to the Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. The Participating TO, the ISO and the Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues, as may be reasonably required to accomplish the purpose of the meeting. The Participating TO, the ISO and the Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, the Interconnection Customer shall designate its Point of Interconnection, pursuant to LGIP Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The Participating TO shall prepare minutes from the meeting, verified by the Interconnection Customer and the ISO, that will include, at a minimum, discussions of what the Participating TO and the ISO expect the results of the Interconnection Feasibility Study will be.

3.6 Internet Posting.

The ISO will maintain on the ISO Home Page a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the availability of any studies related to the Interconnection Request; (vii) the date of the Interconnection Request; (viii) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (ix) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed.

The list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes an LGIA or requests that the Participating TO file an unexecuted LGIA with FERC. The ISO shall post on the ISO Home Page an advance notice whenever a Scoping Meeting will be held with an Affiliate of a Participating TO.

The ISO shall post to the ISO Home Page any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to the ISO Home Page subsequent to the meeting among the Interconnection Customer, the Participating TO and the ISO to discuss the applicable study results. The ISO shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.7 Coordination with Affected Systems.

The ISO will notify the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer. The ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the Participating TO will include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The ISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including signing separate study agreements with Affected System owners and paying for necessary studies. An entity which may be an Affected System shall cooperate with the ISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.8 Withdrawal.

The Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to the ISO and the applicable Participating TO. In addition, if the Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in LGIP Section 13.5 (Disputes), the ISO shall deem the Interconnection Request to be withdrawn and shall provide written notice to the Interconnection Customer within five (5) Business Days of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, the Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify the Participating TO and the ISO of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of the Interconnection Customer's Queue Position, if any. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, the Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to the Participating TO all costs that the Participating TO prudently incurs or irrevocably has committed to be incurred with respect to that Interconnection Request prior to the Participating TO's receipt of notice described above. The Interconnection Customer must pay all monies due to the Participating TO before it is allowed to obtain any Interconnection Study data or results.

The ISO shall update the ISO Home Page Queue Position posting. The Participating TO shall refund to the Interconnection Customer any portion of the Interconnection Customer's deposit or study payments that exceeds the costs that the Participating TO has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, the Participating TO and ISO, subject to the confidentiality provisions of LGIP Section 13.1, shall provide, at the Interconnection Customer's request, all information that the Participating TO and ISO developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position.

4.1 General.

The ISO shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and the Interconnection Customer provides such information in accordance with LGIP Section 3.5.3, then the ISO shall assign the Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under LGIP Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher Queue Position Interconnection Request is one that has been placed "earlier" in the ISO's queue in relation to another Interconnection Request that is lower queued. Factors other than Queue Position will be considered in determining cost responsibility of an Interconnection Customer. The cost of the common upgrades for clustered Interconnection Requests may be allocated without regard to Queue Position.

4.2 Clustering.

At the ISO's option and with concurrence of the applicable Participating TO, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If the Participating TO and the ISO elect to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with LGIP Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The Participating TO and ISO may agree to study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the transmission system's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the ISO Home Page beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

The Interconnection Customer shall submit to the ISO, in writing, modifications to any information provided in the Interconnection Request. The ISO will forward the Interconnection Customer's modification to the applicable Participating TO within one (1) Business Day of receipt. The Interconnection Customer shall retain its Queue Position if the modifications are in accordance with LGIP Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to LGIP Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either the Interconnection Customer, the Participating TO, or the ISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the Participating TO, the ISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, the Participating TO and/or the ISO shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with LGIP Section 6.4, LGIP Section 7.6 and LGIP Section 8.5 as applicable and the Interconnection Customer shall retain its Queue Position.

- 4.4.1** Prior to the return of the executed Interconnection System Impact Study Agreement to the Participating TO, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

- 4.4.2** Prior to the return of the executed Interconnection Facility Study Agreement to the Participating TO, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.
- 4.4.3** Prior to making any modification other than those specifically permitted by LGIP Sections 4.4.1, 4.4.2, and 4.4.5, the Interconnection Customer may first request that the Participating TO and the ISO evaluate whether such modification is a Material Modification. In response to the Interconnection Customer's request, the Participating TO and the ISO shall evaluate the proposed modifications prior to making them and inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.
- 4.4.4** Upon receipt of the Interconnection Customer's request for modification permitted under this LGIP Section 4.4, the Participating TO and/or ISO shall commence and perform any necessary additional studies as soon as practicable, but in no event shall the Participating TO and/or ISO commence such studies later than thirty (30) Calendar Days after receiving notice of the Interconnection Customer's request. Any additional studies resulting from such modification shall be done at the Interconnection Customer's cost.
- 4.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.

5.1 Queue Position for Pending Requests.

- 5.1.1** Any Interconnection Customer assigned a queue position prior to the effective date of this LGIP shall retain that relative queue position.
- 5.1.1.1** If an Interconnection Study agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.
- 5.1.1.2** If an Interconnection Study agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study agreement prior to the effective date of the LGIP, the Participating TO must offer the Interconnection Customer the option of either continuing under the Participating TO's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies agreement) in accordance with this LGIP.

5.1.1.3 If an agreement to interconnect a Generating Unit has been submitted to FERC for approval before the effective date of the LGIP, then the agreement would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, the Participating TO and/or the ISO and Interconnection Customers with an outstanding request (i.e., an interconnection request or application for which an agreement to interconnect a Generating Unit has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any interconnection request or application, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by the ISO or the Participating TO; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant interconnection study agreements have not yet been executed, or (iv) where any of the relevant interconnection studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by the Participating TO or ISO, as applicable, to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Participating TO.

If the Participating TO transfers control of its portion of the ISO Controlled Grid to a successor Participating TO during the period when an Interconnection Request is pending, the original Participating TO shall transfer to the successor Participating TO any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. The original Participating TO shall coordinate with the successor Participating TO and ISO to complete any Interconnection Study, as appropriate, that the original Participating TO has begun but has not completed. If the original Participating TO has tendered a draft LGIA to the Interconnection Customer but the Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, the Interconnection Customer must complete negotiations with the successor Participating TO and the ISO.

Section 6. Interconnection Feasibility Study.

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request, the applicable Participating TO shall provide to the Interconnection Customer an Interconnection Feasibility Study Agreement. The Interconnection Feasibility Study Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following the applicable Participating TO's receipt of such designation, the

Participating TO in coordination with the ISO shall provide to the Interconnection Customer a signed Interconnection Feasibility Study Agreement, which shall include a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Interconnection Customer shall execute and deliver to the Participating TO the Interconnection Feasibility Study Agreement along with an additional \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to the applicable Participating TO, the Interconnection Customer shall provide to the Participating TO and the ISO the technical data called for in LGIP Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by the Interconnection Customer, the applicable Participating TO or ISO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to LGIP Section 6.4 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 6.1, if the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then the Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.5.4, shall be the substitute.

If the Interconnection Customer, the applicable Participating TO and ISO agree to forgo the Interconnection Feasibility Study, the applicable Participating TO will tender an Interconnection System Impact Study Agreement pursuant to the procedures specified in Section 7 of this LGIP and apply the deposits made in accordance with LGIP Section 3.5.1, in addition to the deposit made in accordance with LGIP Section 7, towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the applicable Participating TO's portion of the ISO Controlled Grid. If it is reasonably practicable, the Interconnection Feasibility Study will include an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid.

The Interconnection Feasibility Study will consider Base Cases as well as all generating facilities (and with respect to (iv), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ISO Controlled Grid; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis on the applicable Participating

TO's portion of the ISO Controlled Grid. To the extent necessary and reasonably practicable, the Interconnection Feasibility Study will include an informational power flow analysis of the ISO Controlled Grid and will include short circuit duty results at boundaries with other Participating TOs, but will not include an estimate of costs. The Interconnection Feasibility Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct. In addition, the Interconnection Feasibility Study will describe what results are expected in the Interconnection System Impact Study.

6.3 Interconnection Feasibility Study Procedures.

Prior to commencement of the Interconnection Feasibility Study, the ISO will determine the responsibilities for the ISO and applicable Participating TO to perform the study. The applicable Participating TO and/or ISO shall utilize existing studies to the extent practicable when performing the study. The applicable Participating TO and/or ISO shall use Reasonable Efforts to complete a draft Interconnection Feasibility Study no later than forty-five (45) Calendar Days after the Participating TO receives the fully executed Interconnection Feasibility Study Agreement. The Participating TO and ISO shall share study results for review and comment, provide the study results to any other potentially-impacted Participating TO, and incorporate comments and issue a final Interconnection Feasibility Study to the Interconnection Customer within sixty (60) Calendar Days following receipt of the fully executed Interconnection Feasibility Study Agreement. At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that the entity performing the study will not meet the required time frame for completing the Interconnection Feasibility Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If the Participating TO and/or ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the applicable Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers and relevant power flow and short circuit databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

6.3.1 Meeting with the Participating TO(s) and ISO.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to the Interconnection Customer, the applicable Participating TO, ISO, and the Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study. Any other potentially-impacted Participating TO shall also be included in the meeting.

6.4 Re-Study.

If re-study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP

Section 6.1, or any other effective change in information which necessitates a re-study, the applicable Participating TO shall notify the Interconnection Customer and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the applicable Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the applicable Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take not longer than forty-five (45) Calendar Days from the date the applicable Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The applicable Participating TO and the ISO shall share study results for review, provide the study results for review and comment to any other potentially-impacted Participating TOs, incorporate comments, and issue a final study to the Interconnection Customer within sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the applicable Participating TO and/or the ISO is unable to complete the Interconnection Feasibility Study within that time period, it shall notify the Interconnection Customer and the ISO and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the re-study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study.

7.1 Interconnection System Impact Study Agreement.

Simultaneously with the delivery of the Interconnection Feasibility Study to the Interconnection Customer, the applicable Participating TO shall provide to the Interconnection Customer an Interconnection System Impact Study Agreement. In addition, any other potentially-impacted Participating TO in coordination with the ISO shall determine if an Interconnection System Impact Study will be required on such other Participating TO's electrical system pursuant to a separate Interconnection System Impact Study Agreement. The Interconnection System Impact Study Agreement shall provide that the Interconnection Customer shall compensate the Participating TO for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, the Participating TO in coordination with the ISO shall provide to the Interconnection Customer a signed System Impact Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

The Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to the Participating TO no later than thirty (30) Calendar Days after its receipt along with a \$50,000 deposit.

If the Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, the ISO shall notify the Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and the Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either the Interconnection Customer, the ISO, or the Participating TO, and acceptable to the others, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and re-studies shall be completed pursuant to LGIP Section 7.6 as applicable. If the Participating TO and the Interconnection Customer cannot agree that the results were unexpected, then the ISO will make a determination that the results were either expected or unexpected. For the purpose of this LGIP Section 7.2, if the Participating TO, ISO and Interconnection Customer cannot agree on the substituted Point of Interconnection, then the Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to LGIP Section 3.5.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The applicable Participating TOs' Interconnection System Impact Study, or Studies if applicable, shall evaluate the impact of the proposed interconnection on the reliability of the applicable Participating TO's electric system. In addition the applicable Participating TO will perform a revised informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, as directed by the ISO in consultation with the potentially impacted Participating TO. The Interconnection System Impact Study will consider Base Cases as well as all generating facilities (and with respect to (iv) below, any identified Network Upgrades associated with such higher queued Interconnection Request) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the ISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; (iv) have a pending higher queued Interconnection Request to interconnect to the ISO Controlled Grid; and (v) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, a power flow analysis and a Deliverability Assessment as described in LGIP Section 3.3.3. To the extent necessary and reasonably practicable, the Interconnection System Impact Study will include a revised informational power flow analysis of the ISO Controlled Grid and will include revised short circuit duty results at boundaries with other Participating TOs. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested Interconnection Service, including a

preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities on the applicable Participating TO's portion of the ISO Controlled Grid that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures.

Prior to commencement of the Interconnection System Impact Study, the ISO will determine the responsibilities for the ISO and Participating TO to perform the study. The ISO shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to LGIP Section 3.7 above. The Participating TO and/or ISO shall utilize existing studies to the extent practicable when performing the study. The Participating TO and/or ISO shall use Reasonable Efforts to complete a draft Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. The Participating TO and/or ISO shall share results for review and comment, and incorporate comments and issue a final Interconnection System Impact Study Report to the Interconnection Customer within one hundred twenty (120) days after the receipt of the Interconnection System Impact Study Agreement, study payment, and technical data. If the Participating TO and/or ISO uses Clustering, the Participating TO and/or ISO shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within one hundred twenty (120) Calendar Days after the close of the Queue Cluster Window.

At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection System Impact Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If the Participating TO and/or ISO is unable to complete the Interconnection System Impact Study within the time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the Participating TO and/or ISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

7.5 Meeting with the Participating TO and ISO.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to the Interconnection Customer, the Participating TO, the ISO and the Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If re-study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to LGIP Section 4.4, or re-designation of the Point of Interconnection pursuant to LGIP Section 7.2, or any other effective change in information which necessitates a re-study, the Participating TO shall notify the Interconnection Customer and the ISO in writing along with providing a description of the expected results of the re-study. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days either a written request that the Participating TO (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue.

Such re-study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and the ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection System Impact Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

7.7 Network Upgrades Economic Test

The Interconnection Customer must specify the Delivery Network Upgrades identified in the Interconnection System Impact Study to be included in the Interconnection Facility Study and the economic test described in Section 3.4.2 within ten (10) Business Days of receiving the completed Interconnection System Impact Study. This selection of Delivery Network Upgrades does not preclude the Interconnection Customer from removing uneconomic Delivery Network Upgrades from the list of facilities to be installed, after receiving the results of the economic test. The ISO will complete the economic test based on Network Upgrade costs developed in the Interconnection Facilities Study and present the results of the study to the Interconnection Customer and the Participating TO during the meeting described in LGIP Section 8.4. If the ISO is unable to complete the economic test prior to that meeting, it shall notify the Interconnection Customer and the Participating TO and provide an estimated completion date with an explanation of the reasons why additional time is required.

Section 8. Interconnection Facilities Study.

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to the Interconnection Customer, the Participating TO shall provide to the Interconnection Customer an Interconnection Facilities Study Agreement. The Interconnection Facilities Study Agreement shall provide that the Interconnection Customer shall compensate the Participating TO for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, the Participating TO in coordination with the ISO shall provide to the Interconnection Customer a signed Interconnection Facilities Study Agreement which shall include a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. The Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to the Participating TO within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

8.1.1 For studies where the estimated cost exceeds \$100,000, the Participating TO may invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study for the remaining balance of the estimated Interconnection Facilities Study cost. The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The Participating TO shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Customer's Interconnection Facilities to the ISO Controlled Grid. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Participating TO's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

The ISO shall coordinate the Interconnection Facilities Study with any Affected System pursuant to LGIP Section 3.5 above. The Participating TO and/or ISO shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. The Participating TO and/or ISO shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of

days after receipt of an executed Interconnection Facilities Study Agreement: one hundred twenty (120) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or two hundred ten (210) Calendar Days, if the Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of the Interconnection Customer or at any time the Participating TO and/or ISO determines that it will not meet the required time frame for completing the Interconnection Facilities Study, the Participating TO and/or ISO shall notify the Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If the Participating TO and/or ISO is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

The Interconnection Customer shall, within thirty (30) Calendar Days after receipt of the draft report, either (i) provide written comments to the Participating TO and ISO, which the Participating TO and/or ISO shall include in the final report, or (ii) provide a statement to the Participating TO and ISO that it will not provide comments. The Participating TO and/or ISO shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's statement that it will not provide comments. The Participating TO and/or ISO may reasonably extend such fifteen-day period upon notice to the Interconnection Customer if the Interconnection Customer's comments require the Participating TO and/or ISO to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, the Participating TO and/or ISO shall provide the Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

8.4 Meeting with Participating TO and ISO.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to the Interconnection Customer, the Participating TO, the ISO and the Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study and the economic test, if applicable. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.

8.5 Re-Study.

If re-study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to LGIP Section 4.4, or any other effective change in information which necessitates a re-study, the Participating TO shall so notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the Participating TO within ten

(10) Business Days a written request that the Participating TO either (i) terminate the study and withdraw the Interconnection Request; or (ii) continue the study. If the Interconnection Customer requests the Participating TO to continue the study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the re-study along with providing written notice for the Participating TO to continue. Such re-study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days following receipt of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO and/or the ISO is unable to complete the Interconnection Facilities Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of re-study shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement ("E&P") Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and the Participating TO shall offer the Interconnection Customer, an E&P Agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, the Participating TO shall not be obligated to offer an E&P Agreement if the Interconnection Customer is in Dispute Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for the Interconnection Customer to pay the cost of all activities authorized by the Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

The Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If the Interconnection Customer withdraws its application for interconnection or either party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, the Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, the Participating TO may elect: (i) to take title to the equipment, in which event the Participating TO shall refund the Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to the Interconnection Customer, in which event the Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study.

10.1 Optional Interconnection Study Agreement.

On or after the date when the Interconnection Customer receives Interconnection System Impact Study results, the Interconnection Customer may request, and the Participating TO or ISO shall perform, a reasonable number of Optional Interconnection Studies. The request shall describe the assumptions that the Interconnection Customer wishes the Participating TO or ISO to study within the scope described in LGIP Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, the Participating TO or ISO shall provide to the Interconnection Customer an Optional Interconnection Study Agreement.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that the Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify the Interconnection Customer's assumptions as to which Interconnection Requests with higher Queue Positions will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) the Participating TO's or ISO's estimate of the cost of the Optional Interconnection Study. To the extent known by the Participating TO or ISO, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, the Participating TO or ISO shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

The Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to the Participating TO or ISO as applicable.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify the Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. The Participating TO or ISO shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. The Participating TO or ISO shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The Participating TO or ISO shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If the Participating TO or ISO is unable to complete the Optional Interconnection Study within such time period, it shall notify the Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to the Participating TO or ISO, as applicable, or refunded to the Interconnection Customer, as appropriate. Upon request, the Participating TO or ISO shall provide the Interconnection Customer supporting documentation and workpapers, and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with LGIP Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA).

11.1 Tender.

Simultaneously with the issuance of the draft Interconnection Facilities Study report to the Interconnection Customer, the Participating TO shall tender to the Interconnection Customer a draft LGIA, together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of the FERC-approved standard form LGIA. Within thirty (30) Calendar Days after the Participating TO and the ISO receive the Interconnection Customer's written comments, or notification of no comments, to the draft Interconnection Facilities Study report, the Participating TO shall tender the completed draft LGIA appendices.

11.2 Negotiation.

Notwithstanding LGIP Section 11.1, at the request of the Interconnection Customer, the Participating TO, and ISO as necessary, shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after the Interconnection Customer executes the Interconnection Facilities Study Agreement. The Participating TO and ISO, as necessary, and the Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study report. If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the LGIA pursuant to LGIP Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to LGIP Section 13.5. If the Interconnection Customer requests termination of the negotiations, but within ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to LGIP Section 13.5 within ninety (90) Calendar Days after issuance of the final Interconnection Facilities Study report, it shall be deemed to have withdrawn its Interconnection Request. The Participating TO shall provide to the Interconnection Customer a final LGIA within fifteen

(15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

At the time that the Interconnection Customer either returns the executed LGIA or requests the filing of an unexecuted LGIA as specified below, the Interconnection Customer shall provide the Participating TO (A) reasonable evidence of continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, the Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at the Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

The Interconnection Customer shall either: (i) execute four originals of the tendered LGIA and return one to the Participating TO and two to the ISO; or (ii) request in writing that the Participating TO file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, the Participating TO and ISO shall file the LGIA with FERC, as necessary, together with an explanation of any matters as to which the Interconnection Customer and the Participating TO or ISO disagree and support for the costs that the Participating TO proposes to charge to the Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by the Participating TO and ISO for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If the Interconnection Customer executes the final LGIA, the Participating TO, ISO and the Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, the Interconnection Customer, Participating TO and ISO may proceed to comply with the unexecuted LGIA, pending FERC action.

11.5 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook.

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Participating TO's Interconnection Handbook.

Section 12. Construction of Participating TO's Interconnection Facilities and Network Upgrades.

12.1 Schedule.

The Participating TO and the Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of the Participating TO's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General.

In general, the in-service date in the LGIA of an Interconnection Customer seeking interconnection to the ISO Controlled Grid will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than the Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than the Interconnection Customer that is seeking interconnection to the Participating TO's portion of the ISO Controlled Grid, in time to support such In-Service Date. Upon such request, the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Participating TO: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

The Participating TO will refund to the Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that the Participating TO has not refunded to the Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. The Participating TO shall forward to the Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to the Interconnection Customer. The Participating TO then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA, subject to the limitations set forth in LGIP Section 3.4.3.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Participating TO.

An Interconnection Customer with an LGIA, in order to maintain its in-service date as specified in the LGIA, may request that the Participating TO advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such in-service date and (ii) would otherwise not be completed, pursuant to an expansion plan of the Participating TO, in time to support such in-service date. Upon such request, the Participating TO will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that the Interconnection Customer commits to pay the Participating TO any associated expediting costs. The Interconnection Customer shall be entitled to refunds, if any, in accordance with this LGIP and the LGIA, for any expediting costs paid.

12.2.4 Amended Interconnection Study.

An Interconnection Study will be amended, as needed, to determine the facilities necessary to support the requested in-service date as specified in the LGIA. This amended study will include those transmission facilities, Large Generating Facilities and any other generating facilities that are expected to be in service on or before the requested in-service date. If an amendment to an Interconnection Study is required, the Participating TO shall notify the Interconnection Customer and the ISO in writing. Upon receipt of such notice, the Interconnection Customer shall provide the ISO and the Participating TO within ten (10) Business Days a written request that the Participating TO either (i) terminate the amended study and withdraw the Interconnection Customer's Interconnection Request or (ii) continue with the amended study. If the Interconnection Customer requests the Participating TO to continue with the amended study, the Interconnection Customer shall pay the Participating TO an additional \$10,000 deposit for the amended study along with providing written notice for the Participating TO to continue. Such amended study shall take no longer than sixty (60) Calendar Days from the date the Participating TO receives the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. The Participating TO and ISO shall share study results for review and comment, and incorporate comments and issue a final study to the Interconnection Customer within eighty (80) Calendar Days from the date of the Interconnection Customer's written notice to continue the study and payment of the additional \$10,000 deposit. If the Participating TO is unable to complete the amended Interconnection Study within that time period, it shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Any and all costs of the amended study shall be borne by the Interconnection Customer being re-studied.

Section 13. Miscellaneous.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any

information supplied by any of the Parties to the other Parties prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties receiving the information that the information is confidential.

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Section warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

The confidentiality provisions of this LGIP are limited to information provided pursuant to this LGIP.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of the LGIA; or (6) is required, in accordance with LGIP Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIP. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

13.1.2 Release of Confidential Information.

No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by FERC's Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), or to parties who may be or considering providing financing to or equity participation with the Interconnection Customer, or to potential purchasers or assignees of the Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this LGIP Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this LGIP Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of the LGIP. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

Monetary damages are inadequate to compensate a Party for another Party's breach of its obligations under this LGIP Section 13.1. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this LGIP Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the breach of this LGIP Section 13.1, but shall be in addition to all other remedies available at law or in equity. Further, the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect,

incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this LGIP Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other applicable Parties when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9 Subject to the exception in LGIP Section 13.1.8, any Confidential Information shall not be disclosed by the other Parties to any person not employed or retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

13.1.11 The Participating TO or ISO shall, at the Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

The Participating TO and ISO may use the services of subcontractors as deemed

appropriate to perform their obligations under this LGIP. The Participating TO or ISO shall remain primarily liable to the Interconnection Customer for the performance of its respective subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

The Participating TO or ISO shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded to the Interconnection Customer. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. The Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. The Participating TO or ISO shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) the Interconnection Customer receives notice pursuant to LGIP Sections 6.3, 7.4 or 8.3 that the Participating TO or ISO will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) the Interconnection Customer receives neither the Interconnection Study nor a notice under LGIP Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then the Interconnection Customer may require the Participating TO or ISO to utilize a third party consultant reasonably acceptable to the Interconnection Customer and the Participating TO or ISO to perform such Interconnection Study under the direction of the Participating TO or ISO. At other times, the Participating TO or ISO may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of the Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where the Participating TO and ISO determine that doing so will help maintain or accelerate the study process for the Interconnection Customer's pending Interconnection Request and not interfere with the Participating TO's and ISO's progress on Interconnection Studies for other pending Interconnection Requests. In cases where the Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, the Interconnection Customer and the Participating TO or ISO shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. The Participating TO or ISO shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon the Interconnection Customer's request subject to the confidentiality provision in LGIP Section 13.1. In any case, such third party contract may be entered into with either the Interconnection

Customer or the Participating TO or ISO at the Participating TO's or ISO discretion. In the case of (iii) the Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), the ISO Tariff, and the relevant Participating TO's TO Tariff as would apply if the Participating TO or ISO were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. The Participating TO or ISO shall cooperate with such third party consultant and the Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

All disputes arising out of or in connection with this LGIP whereby relief is sought by or from the ISO shall be settled in accordance with the ISO ADR Procedures. Disputes arising out of or in connection with this LGIP not subject to the ISO ADR Procedures shall be resolved as follows:

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIA and LGIP.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this LGIP Section 13, the terms of this LGIP Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

13.6 Local Furnishing Bonds.

13.6.1 Participating TOs That Own Facilities Financed by Local Furnishing Bonds.

This provision is applicable only to a Participating TO that has financed facilities for the local furnishing of electric energy with Local Furnishing Bonds. Notwithstanding any other provisions of this LGIP, the Participating TO and the ISO shall not be required to provide Interconnection Service to the Interconnection Customer pursuant to this LGIP and the LGIA if the provision of such Interconnection Service would jeopardize the tax-exempt status of any Local Furnishing Bond(s) issued for the benefit of the Participating TO.

13.6.2 Alternative Procedures for Requesting Interconnection Service.

If the Participating TO determines that the provision of Interconnection Service requested by the Interconnection Customer would jeopardize the tax-exempt status of any Local Furnishing Bond(s) issued for the benefit of the Participating TO, it shall advise the Interconnection Customer and the ISO within (30) Calendar Days of receipt of the Interconnection Request.

The Interconnection Customer thereafter may renew its request for the same interconnection Service by tendering an application under Section 211 of the Federal Power Act, in which case the Participating TO, within ten (10) Calendar Days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, and the ISO and Participating TO shall provide the requested Interconnection Service pursuant to the terms and conditions set forth in this LGIP and the LGIA.

**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST**

Provide three copies of this completed form pursuant to Section 7 below.

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with the ISO Controlled Grid pursuant to the ISO Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
4. The Interconnection Customer provides the following information:
 - a. Address or location, including the county, of the proposed new Large Generating Facility site or, in the case of an existing Generating Facility, the name and specific location, including the county, of the existing Generating Facility;
 - b. Maximum megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. Type of project (i.e., gas turbine, hydro, wind, etc.) and general description of the equipment configuration;
 - d. Proposed In-Service Date, Trial Operation date and Commercial Operation Date by day, month, and year and term of service;
 - e. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection; and
 - g. Interconnection Customer Data (set forth in Attachment A)
5. Applicable deposit amount as specified in the LGIP.
6. Evidence of Site Control as specified in the LGIP and name(s), address(es) and contact information of site owner(s) (check one):
 Is attached to this Interconnection Request
 Will be provided at a later date in accordance with this LGIP

7. This Interconnection Request shall be submitted to the representative indicated below:

New Resource Interconnection
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Overnight address: 151 Blue Ravine Road, Folsom, CA 95630

8. Representative of the Interconnection Customer to contact:

[To be completed by the Interconnection Customer]

9. This Interconnection Request is submitted by:

Name of the Interconnection Customer:

By (signature):

Name (type or print):

Title:

Date:

**Attachment A
To Appendix 1
Interconnection Request**

LARGE GENERATING FACILITY DATA

Provide three copies of this completed form pursuant to Section 7 of Appendix 1.

1. Provide two original prints and one reproducible copy (no larger than 36" x 24") of the following:

- A. Site drawing to scale, showing generator location and point of interconnection with the ISO Controlled Grid.
- B. Single-line diagram showing applicable equipment such as generating units, step-up transformers, auxiliary transformers, switches/disconnects of the proposed interconnection, including the required protection devices and circuit breakers. For wind generator farms, the one line diagram should include the distribution lines connecting the various groups of generating units, the generator capacitor banks, the step up transformers, the distribution lines, and the substation transformers and capacitor banks at the point of interconnection with the utility.

2. Generating Facility Information

- A) Total Generating Facility rated output (kW): _____
- B) Generating Facility auxiliary load (kW): _____
- C) Project net capacity (kW): _____
- D) Standby load when Generating Facility is off-line (kW): _____

- E) Number of Generating Units: _____
(Please repeat the following items for each generator)
- F) Individual generator rated output (kW for each unit): _____
- G) Manufacturer: _____
- H) Year Manufactured: _____
- I) Nominal Terminal Voltage: _____
- J) Rated Power Factor (%): _____
- K) Type (Induction, Synchronous, D.C. with Inverter): _____
- L) Phase (3 phase or single phase): _____
- M) Connection (Delta, Grounded WYE, Ungrounded WYE, impedance grounded): _____

- N) Generator Voltage Regulation Range: _____
- O) Generator Power Factor Regulation Range: _____
- P) For combined cycle plants, specify the plant output for an outage of the steam turbine or an outage of a single combustion turbine:

3. Synchronous Generator – General Information:

(Please repeat the following for each generator)

- A. Rated Generator speed (rpm): _____
- B. Rated MVA: _____
- C. Rated Generator Power Factor: _____
- D. Generator Efficiency at Rated Load (%):** _____
- E. Moment of Inertia (including prime mover): _____
- F. Inertia Time Constant (on machine base) H: _____ sec or MJ/MVA
- G. SCR (Short-Circuit Ratio - the ratio of the field current required for rated open-circuit voltage to the field current required for rated short-circuit current): _____
- H. Please attach generator reactive capability curves.
- I. Rated Hydrogen Cooling Pressure in psig (Steam Units only): _____
- J. Please attach a plot of generator terminal voltage versus field current that shows the air gap line, the open-circuit saturation curve, and the saturation curve at full load and rated power factor.

4. Excitation System Information

(Please repeat the following for each generator)

- A. Indicate the Manufacturer _____ and Type _____ of excitation system used for the generator. For exciter type, please choose from 1 to 8 below or describe the specific excitation system.
 - 1) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is independent of the generator terminal voltage and current.
 - 2) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is bus fed from the generator terminal voltage.
 - 3) Rotating DC commutator exciter with non-continuously acting regulator (i.e., regulator adjustments are made in discrete increments).
 - 4) Rotating AC Alternator Exciter with non-controlled (diode) rectifiers. The regulator power source is independent of the generator terminal voltage and current (not bus-fed).
 - 5) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers. The regulator power source is fed from the exciter output voltage.
 - 6) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers.
 - 7) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from the generator terminal voltage.

- 8) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from a combination of generator terminal voltage and current (compound-source controlled rectifiers system).
- B. Attach a copy of the block diagram of the excitation system from its instruction manual. The diagram should show the input, output, and all feedback loops of the excitation system.
- C. Excitation system response ratio (ASA): _____
- D. Full load rated exciter output voltage: _____
- E. Maximum exciter output voltage (ceiling voltage): _____
- F. Other comments regarding the excitation system?

5. Power System Stabilizer Information.

(Please repeat the following for each generator. All new generators are required to install PSS unless an exemption has been obtained from WECC. Such an exemption can be obtained for units that do not have suitable excitation systems.)

- A. Manufacturer: _____
- B. Is the PSS digital or analog? _____
- C. Note the input signal source for the PSS?
_____ Bus frequency _____ Shaft speed _____ Bus Voltage
_____ Other (specify source)
- D. Please attach a copy of a block diagram of the PSS from the PSS Instruction Manual and the correspondence between dial settings and the time constants or PSS gain.
- E: Other comments regarding the PSS?

6. Turbine-Governor Information

(Please repeat the following for each generator)

Please complete Part A for steam, gas or combined-cycle turbines, Part B for hydro turbines, and Part C for both.

A. Steam, gas or combined-cycle turbines:

- 1.) List type of unit (Steam, Gas, or Combined-cycle): _____
- 2.) If steam or combined-cycle, does the turbine system have a reheat process (i.e., both high and low pressure turbines)? _____
- 3.) If steam with reheat process, or if combined-cycle, indicate in the space provided, the percent of full load power produced by each turbine:
Low pressure turbine or gas turbine: _____%
High pressure turbine or steam turbine: _____%

B. Hydro turbines:

- 1.) Turbine efficiency at rated load: _____%
- 2.) Length of penstock: _____ft
- 3.) Average cross-sectional area of the penstock: _____ft²
- 4.) Typical maximum head (vertical distance from the bottom of the penstock, at the gate, to the water level): _____ft
- 5.) Is the water supply run-of-the-river or reservoir: _____
- 6.) Water flow rate at the typical maximum head: _____ft³/sec
- 7.) Average energy rate: _____kW-hrs/acre-ft
- 8.) Estimated yearly energy production: _____kW-hrs

C. Complete this section for each machine, independent of the turbine type.

- 1.) Turbine manufacturer: _____
- 2.) Maximum turbine power output: _____MW
- 3.) Minimum turbine power output (while on line): _____MW
- 4.) Governor information:
 - a: Droop setting (speed regulation): _____
 - b: Is the governor mechanical-hydraulic or electro-hydraulic (Electro-hydraulic governors have an electronic speed sensor and transducer.)?

 - c: Other comments regarding the turbine governor system?

7. Synchronous Generator and Associated Equipment – Dynamic Models:

For each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the General Electric PSLF Program Manual and provide the required input data. The manual is available on the GE website at www.gepower.com. Select the following links within the website: 1) Our Businesses, 2) GE Power Systems, 3) Energy Consulting, 4) GE PSLF Software, 5) GE PSLF User's Manual.

There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram. The block diagrams are also available on the Ca-ISO website.

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

8. Induction Generator Data:

- A. Rated Generator Power Factor at rated load: _____
- B. Moment of Inertia (including prime mover): _____
- C. Do you wish reclose blocking? Yes ____, No ____
Note: Sufficient capacitance may be on the line now, or in the future, and the generator may self-excite unexpectedly.

9. Generator Short Circuit Data

For each generator, provide the following reactances expressed in p.u. on the generator base:

- $X''1$ – positive sequence subtransient reactance: _____
- $X''2$ – negative sequence subtransient reactance: _____
- $X''0$ – zero sequence subtransient reactance: _____

Generator Grounding:

- A. _____ Solidly grounded
- B. _____ Grounded through an impedance

Impedance value in p.u on generator base. R: _____ p.u.

X: _____ p.u.

- C. _____ Ungrounded

10. Step-Up Transformer Data

For each step-up transformer, fill out the data form provided in Table 1.

11. Line Data

There is no need to provide data for new lines that are to be planned by the Participating TO. However, for transmission lines that are to be planned by the generation developer, please provide the following information:

Nominal Voltage: _____
Line Length (miles): _____
Line termination Points: _____
Conductor Type: _____ Size: _____
If bundled. Number per phase: _____, Bundle spacing: _____ in.
Phase Configuration. Vertical: _____, Horizontal: _____
Phase Spacing (ft): A-B: _____, B-C: _____, C-A: _____
Distance of lowest conductor to Ground: _____ ft
Ground Wire Type: _____ Size: _____ Distance to Ground: _____ ft
Attach Tower Configuration Diagram
Summer line ratings in amperes (normal and emergency) _____
Resistance (R): _____ p.u.**
Reactance: (X): _____ p.u.**
Line Charging (B/2): _____ p.u.**
** On 100-MVA and nominal line voltage (kV) Base

12. Wind Generators

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Field Volts: _____
Field Amperes: _____
Motoring Power (kW): _____
Neutral Grounding Resistor (If Applicable): _____
 I_2^2t or K (Heating Time Constant): _____
Rotor Resistance: _____
Stator Resistance: _____
Stator Reactance: _____
Rotor Reactance: _____
Magnetizing Reactance: _____

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute Original Sheet No. 931

Short Circuit Reactance: _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

TABLE 1
 TRANSFORMER DATA

	UNIT _____		
	NUMBER OF TRANSFORMERS _____	PHASE _____	
RATED KVA	H Winding	X Winding	Y Winding
Connection (Delta, Wye, Gnd.)	_____	_____	_____
55 C Rise	_____	_____	_____
65 C Rise	_____	_____	_____
RATED VOLTAGE	_____	_____	_____
BIL	_____	_____	_____
AVAILABLE TAPS (planned or existing)	_____	_____	_____
LOAD TAP CHANGER?	_____	_____	_____
TAP SETTINGS	_____	_____	_____
COOLING TYPE :	OA _____	OA/FA _____	OA/FA/FA _____
		OA/FOA _____	
IMPEDANCE	H-X	H-Y	X-Y
Percent	_____	_____	_____
MVA Base	_____	_____	_____
Tested Taps	_____	_____	_____
WINDING RESISTANCE	H	X	Y
Ohms	_____	_____	_____

CURRENT TRANSFORMER RATIOS

H _____ X _____ Y _____ N _____

PERCENT EXCITING CURRENT 100 % Voltage; _____ 110% Voltage _____

Supply copy of nameplate and manufacture's test report when available

ATTACHMENT E

APPENDIX C

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

_____ **including**

_____ **STANDARD LARGE GENERATOR**
_____ **INTERCONNECTION AGREEMENT (LGIA)**

Product of the Process Mapping Team

SECTION 1.

Adverse System Impact shall mean ~~t~~The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean ~~a~~An electric system other than the ISO Controlled Grid Transmission Provider's Transmission System that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.

Affected System Operator shall mean ~~t~~The entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity. **(Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]**

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice. **[NOT USED]**

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority. **[NOT USED]**

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected. **[NOT USED]**

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected. **[NOT USED]**

Base Case shall mean ~~t~~The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement. **[NOT USED]**

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement. **[NOT USED]**

Business Day shall mean Monday through Friday, excluding Federal Holidays and the day after Thanksgiving Day.

Calendar Day shall mean ~~a~~Any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean ~~the~~ The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean ~~the~~ The status of a Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean ~~the~~ The date on which ~~an~~ Interconnection Customer commences commercial operation of the Generating Unit at the Generating Facility after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to ~~in~~ Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Section 13.1 of the LGIP.

Control Area shall mean ~~an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council. (Please see Appendix A ISO Tariff Master Definitions Supplement)~~ **[NOT USED]**

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement. **[NOT USED]**

Deliverability Assessment An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

Delivery Network Upgrades Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

Dispute Resolution shall mean the procedure set forth in this LGIP for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean ~~the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.~~ **[NOT USED]**

Distribution Upgrades shall mean ~~the~~ The additions, modifications, and upgrades to the Participating TO's Transmission Provider's Distribution electric Ssystems that are not part of the ISO Controlled Grid at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission. [NOT USED]

Emergency Condition shall mean a condition or situation: (1) that in the judgement of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability. [NOT USED]

Energy Resource Interconnection Service (ER Interconnection Service) shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as-available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service. [NOT USED]

Engineering & Procurement (E&P) Agreement shall mean a An agreement that authorizes the Participating TO Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources. [NOT USED]

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.* [NOT USED]

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor. (Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other caused beyond a Party's control. A *force majeure* event does not include an act of negligence or intentional wrongdoing. [NOT USED]

Generating Facility shall mean An Interconnection Customer's device Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices. [NOT USED]

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent

with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region. **(Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]**

Governmental Authority shall mean 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 Interconnection Customer, ISO, or Participating TO Transmission Provider, or any Affiliate thereof.

~~**Hazardous Substances** shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law. [NOT USED]~~

~~**Initial Synchronization Date** shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins. [NOT USED]~~

~~**In-Service Date** shall mean~~ The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Transmission Provider's Interconnection Facilities to obtain back feed power.

~~**Interconnection Customer** shall mean a~~ Any entity, including the a Participating TO Transmission Provider, Transmission Owner or any of the its Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the ISO Controlled Grid Transmission Provider's Transmission System.

~~**Interconnection Customer's Interconnection Facilities** shall mean a~~ All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

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

~~**Interconnection Facilities Study** shall mean a~~ study conducted by the Participating TO(s), ISO, Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Transmission Provider's Interconnection Facilities, and Network Upgrades, and Distribution Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean ~~the~~ The form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean ~~a~~ A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean ~~the~~ The form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Handbook A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request shall mean ~~a~~ An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with Section 5.7.1 of the ISO Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean ~~the~~ The service provided by the Participating TO and ISO Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and, if applicable, the ISO Transmission Provider's Tariff.

Interconnection Study shall mean ~~a~~ Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean ~~a~~ An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean ~~the~~ The form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service. **[NOT USED]**

~~**Joint Operating Committee** shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service. [NOT USED]~~

~~**Large Generating Facility** shall mean a A Generating Facility having a Generating Facility Capacity of more than 20 MW.~~

~~**Loss** shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party. [NOT USED]~~

~~**Material Modification** shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.~~

~~**Metering Equipment** shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics. [NOT USED]~~

~~**NERC** shall mean the North American Electric Reliability Council or its successor organization. (Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]~~

~~**Network Resource** shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. [NOT USED]~~

~~**Network Resource Interconnection Service (NR Interconnection Service)** shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service. [NOT USED]~~

~~**Network Upgrades** shall mean the additions, modifications, and upgrades to the ISO Controlled Grid Transmission Provider's Transmission System required at or beyond the point of Interconnection at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid Transmission Provider's Transmission System. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.~~

~~**Notice of Dispute** shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance. [NOT USED]~~

~~**Optional Interconnection Study** shall mean a A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.~~

Optional Interconnection Study Agreement shall mean ~~the form of agreement accepted by FERC and posted on the ISO Home Page contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.~~

Party or Parties shall mean ~~the ISO Transmission Provider, Participating TO(s), Transmission Owner, Interconnection Customer or the applicable any combination of the above.~~

Point of Change of Ownership shall mean ~~the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO Transmission Provider's Interconnection Facilities.~~

Point of Interconnection shall mean ~~the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid Transmission Provider's Transmission System.~~

Queue Position shall mean ~~the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO Transmission Provider.~~

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

Reliability Network Upgrades The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

Scoping Meeting shall mean ~~the meeting between among representatives of the Interconnection Customer, and the applicable Participating TO, and the ISO Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.~~

Site Control shall mean ~~documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.~~

Small Generating Facility shall mean ~~a Generating Facility that has a Generating Facility Capacity of no more than 20 MW. [NOT USED]~~

Stand Alone Network Upgrades shall mean ~~Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid Transmission System or Affected Systems during their construction. Both the The Participating TO, the ISO Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.~~

Standard Large Generator Interconnection Agreement (LGIA) shall mean ~~the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility, that is included in the Transmission Provider's Tariff.~~

Standard Large Generator Interconnection Procedures (LGIP) shall mean ~~the ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are is included in the Transmission Provider's ISO Tariff.~~

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected. **[NOT USED]**

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the Commission, and as amended or supplemented from time to time, or any successor tariff. **(Please see Appendix A ISO Tariff Master Definitions Supplement) [NOT USED]**

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary. **[NOT USED]**

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider. **[NOT USED]**

Transmission Provider's Participating TO's Interconnection Facilities shall mean ~~a~~ All facilities and equipment owned, controlled, or operated by the Participating TO Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff. **[NOT USED]**

Trial Operation shall mean ~~the~~ The period during which Interconnection Customer is engaged in on-site test operations and commissioning of ~~the a~~ Generating Facility Unit prior to Commercial Operation.

ATTACHMENT F

Appendix A
ISO Tariff Master Definitions Supplement

SECTION 1.

<u>Adverse System Impact</u>	<u>The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.</u>
<u>Affected System</u>	<u>An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.</u>
<u>Affected System Operator</u>	<u>The entity that operates an Affected System.</u>
<u>Base Case</u>	<u>The base case power flow, short circuit, and stability data bases used for the Interconnection Studies.</u>
<u>Business Day</u>	<u>A day on which banks are open to conduct general banking business in California Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.</u>
<u>Calendar Day</u>	<u>Any day including Saturday, Sunday or a federal holiday.</u>
<u>Clustering</u>	<u>The process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.</u>
<u>Commercial Operation</u>	<u>The status of a Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.</u>
<u>Commercial Operation Date</u>	<u>The date on which a Generating Unit at a Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.</u>
<u>Completed Application Date</u>	<u>For purposes of Section 5.7, the date on which a New Facility Operator submits an Interconnection Application to the ISO that satisfies the requirements of the ISO Tariff and the TO Tariff of the Interconnecting PTO.</u>
<u>Completed Interconnection Application</u>	<u>An Interconnection Application that meets the information requirements as specified by the ISO and posted on the ISO Home Page.</u>

Data Adequacy Requirement	Any applicable minimum data requirements of the state agency responsible for generation siting or of any Local Regulatory Authority.
<u>Deliverability Assessment</u>	<u>An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.</u>
<u>Delivery Network Upgrades</u>	<u>Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.</u>
<u>Delivery Upgrade</u>	<u>The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.</u>
<u>Designated Contact Person</u>	<u>The person designated by each Participating TO to coordinate with the ISO on the processing and completion of all Interconnection Applications.</u>
<u>Direct Assignment Facility</u>	<u>The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the ISO Controlled Grid at the point of interconnection.</u>
<u>Distribution Upgrades</u>	<u>The additions, modifications, and upgrades to the Participating TO's electric systems that are not part of the ISO Controlled Grid. Distribution Upgrades do not include Interconnection Facilities.</u>
<u>Engineering & Procurement (E&P) Agreement</u>	<u>An agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.</u>
<u>Expedited Interconnection Agreement</u>	<u>A contract between a party which has submitted a Request for Expedited Interconnection Procedures and an Interconnection PTO under which the ISO and an Interconnecting PTO agree to process, on an expedited basis, the Interconnection Application of a New Facility Operator and which sets forth the terms, conditions, and cost responsibilities for such interconnection.</u>
<u>Generating Facility</u>	<u>An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request.</u>

but shall not include the Interconnection Customer's Interconnection Facilities.

- Good Faith Deposit** — The deposit paid to the ISO by a New Facility Operator with submission of its Interconnection Application in accordance with Section 5.7.3.2, in an amount equal to \$10,000, including any interest that accrues on the original amount, less any bank fees or other charges assessed on the escrow account. A New Facility Operator may satisfy its deposit obligation through any commercially available financial instrument determined to be satisfactory by the ISO.
- In-Service Date** — The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.
- Interconnecting PTO** — For purposes of Section 5.7, the Participating TO that will supply the connection to the New Facility.
- Interconnection Application** — An application that requests interconnection of a New Facility to the ISO Controlled Grid and that meets the information requirements as specified by the ISO and posted on the ISO Home Page.
- Interconnection Customer** — Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.
- Interconnection Customer's Interconnection Facilities** — All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.
- 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 Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.
- Interconnection Facilities Study** — A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of

the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study

A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.

Interconnection Handbook

A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request

An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with Section 5.7.1 of the ISO Tariff.

Interconnection Service

The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.

Interconnection Study

Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study

An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

Large Generating Facility

A Generating Facility.

Material Modification

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

New Facility

A planned or Existing Generating Unit that requests, pursuant to Section 5.7 of the ISO Tariff, to interconnect or modify its interconnection to the ISO Controlled Grid.

New Facility License

A license issued by a federal, state or Local Regulatory Authority that enables an entity to build and operate a Generating Unit.

New Facility Operator

The owner of a planned New Facility, or its designee.

Network Upgrades

The additions, modifications, and upgrades to the ISO Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

Optional Interconnection Study

A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.

<u>Participating TO's Interconnection Facilities</u>	<u>All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.</u>
<u>Planning Procedures</u>	<u>Procedures governing the planning, expansion and reliable interconnection to the ISO Controlled Grid that the ISO may, from time to time, develop.</u>
<u>Point of Change of Ownership</u>	<u>The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.</u>
<u>Point of Interconnection</u>	<u>The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.</u>
<u>Queue Position</u>	<u>The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.</u>
<u>Reliability Network Upgrades</u>	<u>The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.</u>
<u>Reliability Upgrade</u>	<u>The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating.</u>

Request for Expedited

Interconnection Procedures—A written request, submitted pursuant to Section 5.7.3.1.1 of the ISO Tariff, by which a New Facility Operator can request expedited processing of its Interconnection Application.

Scoping Meeting

The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Stand Alone Network Upgrades

Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA)

The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility.

Standard Large Generator Interconnection Procedures (LGIP)

The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

System Impact Study

—An engineering study conducted to determine whether a New Facility Operator's request for interconnection to the ISO Controlled Grid would require new transmission additions, upgrades or other mitigation measures.

Trial Operation

The period during which Interconnection Customer is engaged in on-site test operations and commissioning of a Generating Unit prior to Commercial Operation.

ATTACHMENT G

which the Scheduling Coordinator is willing to increase the output of the resource and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

Administrative Price

The price set by the ISO in place of a Market Clearing Price when, by reason of a System Emergency, the ISO determines that it no longer has the ability to maintain reliable operation of the ISO Controlled Grid relying solely on the economic Dispatch of Generation. This price will remain in effect until the ISO considers that the System Emergency has been contained and corrected.

Adverse System Impact

The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System

An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.

Affected System Operator

The entity that operates an Affected System.

Affiliate

An entity, company or person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the subject entity, company, or person.

AGC (Automatic Generation Control)

Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

<u>Black Start</u>	The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.
<u>Black Start Generator</u>	A Participating Generator in its capacity as party to an Interim Black Start Agreement with the ISO for the provision of Black Start services, but shall exclude Participating Generators in their capacity as providers of Black Start services under their Reliability Must-Run Contracts
<u>Bulk Supply Point</u>	A UDC metering point.
<u>Business Day</u>	Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
<u>C.F.R.</u>	Code of Federal Regulations.
<u>Calendar Day</u>	Any day including Saturday, Sunday or a federal holiday.
<u>Circular Schedule</u>	A Schedule or set of Schedules that creates a closed loop of Energy Schedules between the ISO Controlled Grid and one or more other Control Areas that do not have a source and sink in separate Control Areas, which includes Energy scheduled in a counter direction over a Congested Inter-Zonal Interface through two or more Scheduling Points. A closed loop of Energy Schedules that includes a transmission segment on the Pacific DC Intertie shall not be a Circular Schedule because such a Schedule directly changes power flows on the network and can mitigate Congestion between SP15 and NP15. This definition of a Circular Schedule does not apply to the circumstance in which a Scheduling Coordinator submits a Schedule that is an amalgam of different Market Participants' separate but simultaneously submitted Schedules.
<u>Clustering</u>	The process whereby a group of Interconnection Requests is

studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation

The status of a Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date

The date on which a Generating Unit at a Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Conditional Energy Bids

A Bid for Energy to serve Demand at or below a specified price.

Congestion

A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

Congestion Management

The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.

Congestion Management Charge

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process, including, but not limited to, the management and operation of inter-zonal congestion markets, adjustment bids, taking Firm Transmission Rights and Existing Contracts into account, and determining the price for mitigating congestion for flows on congested paths. The formula for determining the Congestion Management Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Critical Protective System Facilities and sites with protective relay systems and Remedial Action Schemes that the ISO determines may have a direct impact on the ability of the ISO to maintain system security and over which the ISO exercises Operational Control.

CTC (Competition Transition Charge) A non-bypassable charge that is the mechanism that the California Legislature and the CPUC mandated to permit recovery of costs stranded as a result of the shift to the new market structure.

Curtable Demand Demand from a Participating Load that can be curtailed at the direction of the ISO in the real-time dispatch of the ISO Controlled Grid. Scheduling Coordinators with Curtable Demand may offer it to the ISO to meet Non-spinning or Replacement Reserve requirements.

Day-Ahead Relating to a Day-Ahead Market or Day-Ahead Schedule.

Day-Ahead Market The forward market for Energy and Ancillary Services to be supplied during the Settlement Periods of a particular Trading Day that is conducted by the ISO and other Scheduling Coordinators and which closes with the ISO's acceptance of the Final Day-Ahead Schedule.

Day-Ahead Schedule A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Trading Day indicating the levels of Generation and Demand scheduled for each Settlement Period of that Trading Day.

Default GMM Pre calculated GMM based on historical Load and interchange levels.

Deliverability Assessment

An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

Delivery Network Upgrades

Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

Delivery Point

The point where a transaction between Scheduling Coordinators is deemed to take place. It can be either the Generation input point, a Demand Take-Out Point, or a transmission bus at some intermediate location.

Demand

The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000W=1kW, 1,000kW=1MW, etc.

Demand Forecast

An estimate of Demand over a designated period of time.

Direct Access Demand

The Demand of Direct Access End-Users.

Direct Access End-User

An Eligible Customer located within the Service Area of a UDC
who purchases Energy and Ancillary Services through a
Scheduling Coordinator.

Dispatch

The operating control of an integrated electric system to:

- i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.

Dispatch Instruction

An instruction by the ISO to a resource for increasing or decreasing its energy supply or demand from the Hour-Ahead Schedule to a specified operating point.

Dispatch Interval

The time period, which may range between five (5) and thirty (30) minutes, over which the ISO's RTD Software measures deviations in Generation and Demand, and selects Ancillary Service and Supplemental Energy resources to provide balancing Energy in response to such deviations. The Dispatch Interval shall be five (5) minutes. Following a decision by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at <http://www.caiso.com> (or such other internet address as the ISO may publish from time to time), increase or decrease the Dispatch Interval within the range of five (5) to thirty (30) minutes.

Distribution System

The distribution assets of an IOU or Local Publicly Owned Electric Utility.

Distribution Upgrades

The additions, modifications, and upgrades to the Participating TO's electric systems that are not part of the ISO Controlled Grid. Distribution Upgrades do not include Interconnection Facilities.

**EEP (Electrical
Emergency Plan)**

A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve margins are forecast to be below established levels.

Energy

The electrical energy produced, flowing or supplied by generation, transmission or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof, e.g., 1,000 Wh=1kWh, 1,000 kWh=1MWh, etc.

Energy Bid

The price at or above which a Generator has agreed to produce the next increment of Energy.

Energy Transmission Services Net Energy Charge

The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Uninstructed Deviations Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, i.e., a function of the intensity of the use of the transmission system within the Control Area and the occurrence of system outages and disruptions. The formula for determining the Energy Transmission Services Net Energy Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Energy Transmission Services Uninstructed Deviations Charge

The component of the Grid Management Charge that provides, in conjunction with the Energy Transmission Services Net Energy Charge, for the recovery of the ISO's costs of providing reliability on a scalable basis, in particular for the costs associated with balancing transmission flows that result from uninstructed deviations. The formula for determining the Energy Transmission Services Uninstructed Deviations Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Engineering & Procurement (E&P) Agreement

An agreement that authorizes the Participating TO to begin engineering and procurement of long lead-time items necessary

for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Entitlements

The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.

Environmental Dispatch

Dispatch designed to meet the requirements of air quality and other environmental legislation and environmental agencies having authority or jurisdiction over the ISO.

Ex Post GMM

GMM that is calculated utilizing the real time Power Flow Model in accordance with Section 7.4.2.1.2.

Ex Post Price

The Hourly Ex Post Price, the Dispatch Interval Ex Post Price, the Resource-Specific Settlement Interval Ex Post Price, or the Zonal Settlement Interval Ex Post Price.

Ex Post Transmission Loss

Transmission Loss that is calculated based on Ex Post GMM.

Existing Contracts

The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

Existing High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that was placed in service on or before the Transition Date defined in section 4.2 of Schedule 3 of Appendix F.

Existing Rights

Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

Facility Owner

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

Facility Study

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.

Facility Study Agreement

An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.

<u>FTR Bidder</u>	An entity that submits a bid in an FTR auction conducted by the ISO in accordance with Section 9.4 of the ISO Tariff.
<u>FTR Holder</u>	The owner of an FTR, as registered with the ISO.
<u>FTR Market</u>	A transmission path from an originating Zone to a contiguous receiving Zone for which FTRs are auctioned by the ISO in accordance with Section 9.4 of the ISO Tariff.
<u>Full Marginal Loss Rate</u>	A rate calculated by the ISO for each Generation and Scheduling Point location to determine the effect on total system Transmission Losses of injecting an increment of Generation at each such location to serve an equivalent incremental MW of Demand distributed proportionately throughout the ISO Control Area.
<u>Generating Facility</u>	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.
<u>Generating Unit</u>	An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is: <ul style="list-style-type: none">(a) located within the ISO Control Area;(b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities; and(c) that is capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).
<u>Generation</u>	Energy delivered from a Generating Unit.

Generator

The seller of Energy or Ancillary Services produced by a
Generating Unit.

**GMM (Generation Meter
Multiplier)**

A number which when multiplied by a Generating Unit's
Metered Quantity will give the total Demand to be served from
that Generating Unit.

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.

Incremental Change

The change in dollar value of a specific charge type from the Preliminary Settlement Statement to the Final Settlement Statement including any new charge types or Trading Day charges appearing for the first time on the Final Settlement Statement.

In-Service Date

The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.

Instructed Imbalance Energy

The real time change in Generation output or Demand (from dispatchable Generating Units, System Units, System Resources or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other dispatchable Generating Units, System Units, System Resources or Loads that are able to respond to the ISO's request for more or less Energy.

Inter-Scheduling Coordinator Ancillary Service Trades

Ancillary Service transactions between Scheduling Coordinators.

Inter-Scheduling Energy Coordinator Trades

Energy transactions between Scheduling Coordinators.

Inter-Zonal Congestion

Congestion across an Inter-Zonal Interface.

Interconnection Agreement

A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

Interconnection Customer

Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.

Interconnection Customer's Interconnection Facilities

All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.

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 Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study

A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study

A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.

Interconnection Handbook

A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

Interconnection Request

An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with Section 5.7.1 of the ISO Tariff.

Interconnection Service

The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.

Interconnection Study

Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study

An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

Interest

Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in SABP 6.10.5. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

<u>Interruptible Imports</u>	Energy sold by a Generator or resource located outside the ISO Controlled Grid which by contract can be interrupted or reduced at the discretion of the seller.
<u>Intra-Zonal Congestion</u>	Congestion within a Zone.
<u>IOU</u>	An investor owned electric utility.
<u>ISO (Independent System Operator)</u>	The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
<u>ISO Account</u>	The ISO Clearing Account, the ISO Reserve Account or such other trust accounts as the ISO deems necessary or convenient for the purpose of efficiently implementing the funds transfer system under the ISO Tariff.
<u>ISO ADR Committee</u>	The Committee appointed by the ISO ADR Committee pursuant to Article IV, Section 3 of the ISO bylaws to perform functions assigned to the ISO ADR Committee in the ADR process in Section 13 of the ISO Tariff.

ISP (Internet Service Provider)

An independent network service organization engaged by the ISO to establish, implement and operate Wenet.

Large Generating Facility

A Generating Facility.

Load

An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

Load Shedding

The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.

Local Furnishing Bond

Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).

Local Furnishing Participating TO

Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.

Local Publicly Owned Electric Utilities

A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

Master File

A file containing information regarding Generating Units, Loads and other resources.

Material Modification

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

Meter Data

Energy usage data collected by a metering device or as may be otherwise derived by the use of Approved Load Profiles.

Meter Points

Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.

Metered Control Area Load

For purposes of calculating and billing the Energy Transmission Services Net Energy Charge component of the Grid Management Charge, Metered Control Area Load is:

(a) all metered Demand for Energy of Scheduling Coordinators for the supply of Loads in the ISO's Control Area, plus (b) all Energy for exports by Scheduling Coordinators from the ISO Control Area; less (c) Energy associated with the Load of a retail customer of a Scheduling Coordinator, UDC, or MSS that is served by a Generating Unit that: (i) is located on the same site as the customer's Load or provides service to the customer's Load through arrangements as authorized by Section 218 of the California Public Utilities Code; (ii) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (iii) the customer secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or the

customer's Load can be curtailed concurrently with an outage of the Generating Unit.

Metered Quantities

For each Direct Access End-User, the actual metered amount of MWh and MW; for each Participating Generator the actual metered amounts of MWh, MW, MVar and MVarh.

Minimum Load Costs

The costs a generating unit incurs operating at minimum load.

Monthly Peak Load

The maximum hourly Demand on a Participating TO's transmission system for a calendar month, multiplied by the Operating Reserve Multiplier.

MSS (Metered Subsystem)

A geographically contiguous system located within a single Zone which has been operating as an electric utility for a number of years prior to the ISO Operations Date as a municipal utility, water district, irrigation district, State agency or Federal power administration subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS Agreement described in Section 23.1.

MSS Operator

An entity that owns an MSS and has executed a MSS Agreement described in Section 3.3.1.

Network Upgrades

The additions, modifications, and upgrades to the ISO Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

New High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.1 of Schedule 3 of Appendix F to an Existing High Voltage Facility.

New Participating TO

A Participating TO that is not an Original Participating TO.

Nomogram

A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WSCC operating criteria.

Operating Reserve

The combination of Spinning and Non-Spinning Reserve required to meet WSCC and NERC requirements for reliable operation of the ISO Control Area.

Operating Transfer Capability

The maximum capability of a transmission path to transmit real power, expressed in MW, at a given point in time.

Operational Control

The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.

Operator

The operator of facilities that comprise the ISO Controlled Grid or a Participating Generator.

OPF (Optimal Power Flow)

A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating Constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.

Optional Interconnection Study

A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.

Order No. 888

The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time.

Participating Buyer

A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.

Participating Intermittent Resource

One or more Eligible Intermittent Resources that meets the requirements of the technical standards for Participating Intermittent Resources adopted by the ISO and published on the ISO Home Page.

Participating Load

An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.

Participating Seller or Participating Generator

A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.

Participating TO's Interconnection Facilities

All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

v) metered output is available only for the combined output of related multiple generating components and separate generating component metering is either impractical or economically inefficient.

PMS (Power Management System)

The ISO computer control system used to monitor the real time performance of the various elements of the ISO Controlled Grid, control Generation, and perform operational power flow studies.

Point of Change of Ownership

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.

Power Flow Model

The computer software used by the ISO to model the voltages, power injections and power flows on the ISO Controlled Grid and determine the expected Transmission Losses and Generation Meter Multipliers.

Preferred Day-Ahead Schedule

A Scheduling Coordinator's Preferred Schedule for the ISO Day-Ahead scheduling process.

Preferred Hour-Ahead Schedule

A Scheduling Coordinator's Preferred Schedule for the ISO Hour-Ahead scheduling process.

Preferred Schedule

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

Queue Position

The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.

Ramping

Changing the loading level of a Generating Unit in a constant manner over a fixed time (e.g., ramping up or ramping down). Such changes may be directed by a computer or manual control.

RAS (Remedial Action Schemes)

Protective systems that typically utilize a combination of conventional protective relays, computer-based processors, and telecommunications to accomplish rapid, automated response to unplanned power system events. Also, details of RAS logic and any special requirements for arming of RAS schemes, or changes in RAS programming, that may be required.

Reactive Power Control

Generation or other equipment needed to maintain acceptable voltage levels on the ISO Controlled Grid and to meet reactive capacity requirements at points of interconnection on the ISO Controlled Grid.

Real Time Market

The competitive generation market controlled and coordinated by the ISO for arranging real time Imbalance Energy.

Redispatch

The readjustment of scheduled Generation or Demand side management measures, to relieve Congestion or manage Energy imbalances.

Registered Data

Those items of technical data and operating characteristics relating to Generation, transmission or distribution facilities which are identified to the owners of such facilities as being information, supplied in accordance with ISO Protocols, to assist the ISO to maintain reliability of the ISO Controlled Grid and to carry out its functions.

Reliability Must-Run Contract (RMR Contract)

A Must-Run Service Agreement between the owner of an RMR Unit and the ISO.

Reliability Must-Run Generation

Generation that the ISO determines is required to be on line to meet Applicable Reliability Criteria requirements. This includes

- i) Generation constrained on line to meet NERC and WECC reliability criteria for interconnected systems operation;
- ii) Generation needed to meet Load demand in constrained areas; and
- iii) Generation needed to be operated to provide voltage or security support of the ISO or a local area.

Reliability Must-Run Unit

A Generating Unit which is the subject of a Reliability Must-Run Contract

Reliability Network Upgrades

The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

Reliability Services Costs

The costs associated with services provided by the ISO: 1) that are deemed by the ISO as necessary to maintain reliable electric service in the ISO Control Area; and 2) whose costs are billed by the ISO to the Participating TO pursuant to the ISO Tariff. Reliability Services Costs include costs charged by the ISO to a Participating TO associated with service provided

under an RMR Contract (Section 5.2.8), local out-of-market dispatch calls (Section 11.2.4.2.1) and Minimum Load Costs associated with units committed under the must-offer obligation for local reliability requirements (Section 5.11.6.1.4)

REMnet

The Wide Area Network through which the ISO acquires meter data.

Replacement Reserve

Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and ramping to a specified Load point within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

**Resource-Specific
Settlement Interval Ex
Post Price**

The Resource-Specific Settlement Interval Ex Post Price will equal the Energy-weighted average of the applicable Dispatch Interval Ex Post Prices for each Settlement Interval taking into account each resource's Instructed Imbalance Energy, except Regulation Energy. The Resource-Specific Settlement Interval Ex Post Price shall apply to those resources that are capable of responding to ISO Dispatch Instructions.

Scheduling Point

A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.

Scoping Meeting

The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Security Monitoring

The real time assessment of the ISO Controlled Grid that is conducted to ensure that the system is operating in a secure state, and in compliance with all Applicable Reliability Criteria.

Service Area

An area in which an IOU or a Local Publicly Owned Electric Utility is obligated to provide electric service to End-Use Customers.

Set Point

Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.

Severance Fee

The charge or periodic charge assessed to customers to recover the reasonable uneconomic portion of costs associated with Generation-related assets and obligations, nuclear decommissioning, and capitalized Energy efficiency investment programs approved prior to August 15, 1996 and as defined in the California Assembly Bill No. 1890 approved by the Governor on September 23, 1996.

Site Control

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Scheduling and Logging system for the ISO of California (SLIC)

A logging application that allows Market Participants to notify the ISO when a unit's properties change due to physical problems. Users can modify the maximum and minimum output of a unit, as well as the ramping capability of the unit.

Spinning Reserve

The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

Stand Alone Network Upgrades

Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone

Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA)

The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility.

Standard Large Generator Interconnection Procedures (LGIP)

The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

Standard Ramp (ing)

A ramp calculated from two consecutive Final Hour Ahead Schedules that results in a straight trajectory between 10 minutes before the start of an operating hour to 10 minutes after the start of the operating hour.

Standby Rate

A rate assessed a Standby Service Customer by the Participating TO that also provides retail electric service, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities.

Standby Service

Service provided by a Participating TO that also provides retail electric service, which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit serving the customer's Load.

Standby Service Customer

A retail End-Use Customer of a Participating TO that also provides retail electric service that receives Standby Service and pays a Standby Rate.

**Standby Transmission
Revenue**

The transmission revenues, with respect to cost of both High Voltage Transmission Facilities and Low Voltage Transmission Facilities, collected directly from Standby Service Customers through charges for Standby Service.

System Emergency

Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of system elements which might result in cascading outages or to restore system operation to meet the minimum operating reliability criteria.

System Planning Studies

Reports summarizing studies performed to assess the adequacy of the ISO Controlled Grid as regards conformance to Reliability Criteria.

System Reliability

A measure of an electric system's ability to deliver uninterrupted service at the proper voltage and frequency.

System Resource

A group of resources, single resource, or a portion of a resource located outside of the ISO Control Area, or an allocated portion of a Control Area's portfolio of generating resources that are directly responsive to that Control Area's Automatic Generation Control (AGC) capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid.

System Unit

One or more individual Generating Units and/or Loads within a Metered Subsystem controlled so as to simulate a single resource with specified performance characteristics, as mutually determined and agreed to by the MSS Operator and the ISO. The Generating Units and/or Loads making up a System Unit must be in close physical proximity to each other such that the operation of the resources comprising the System Unit does not result in significant differences in flows on the ISO Controlled Grid.

TRR (Transmission Revenue Requirement)

The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

Trial Operation

The period during which Interconnection Customer is engaged in on-site test operations and commissioning of a Generating Unit prior to Commercial Operation.

Trustee

The trustee of the California Independent System Operator trust established by order of the California Public Utilities Commission on August 2, 1996 Decision No. 96-08-038 relating to the Ex Parte Interim Approval of a Loan Guarantee and Trust Mechanism to Fund the Development of an Independent System Operator (ISO) and a Power Exchange (PX) pursuant to Decision 95-12-063 as modified.

UDC (Utility Distribution Company)

An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.

ATTACHMENT H

5.7 Interconnection of ~~New Generating Units and Generating~~ Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

~~For purposes of this Section 5.7, a New Facility and the Standard Large Generator Interconnection Procedures (LGIP) shall be apply to:~~

- (a) each new Generating Unit that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be ~~re-~~ powered and modified with a resulting increase in the total capability of the power plant; ~~and~~
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be ~~re-~~ powered modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria; ~~and trigger the application of Section 5.7.5(c)~~
- (d) each existing qualifying facility Generating Unit connected to the ISO Controlled Grid whose total Generation was previously sold to a Participating TO or on-site customer but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to Section 5.7.1.2 below.

5.7.1.1 The owner of a planned New Facility Generating Unit described in Section 5.7.1(a), (b), or (c), or its designee, is referred to for purposes of this Section 5.7 as a New Facility Operator. Only New Facility Operators that have not submitted a Completed Interconnection Application, as defined under the applicable Interconnecting PTO's TO Tariff, ~~to the Interconnecting PTO as of the effective date of this Section 5.7 are subject to its provisions~~ shall be an Interconnection Customer required to submit an Interconnection Request and comply with the Standard Large Generator Interconnection Procedures.

5.7.1.2 If the owner of a qualifying facility described in Section 5.7.1(d), or its designee, represents that the total capability and electrical characteristics of the qualifying facility will be substantially unchanged, then that entity must submit an affidavit to the ISO and the applicable

Participating TO representing that the total capability and electrical characteristics of the qualifying facility will remain substantially unchanged. If there is any change to the total capability and electrical characteristics of the qualifying facility, however, the affidavit shall include supporting information describing any such changes. The ISO and the applicable Participating TO shall have the right to verify whether or not the total capability or electrical characteristics of the qualifying facility have changed or will change.

5.7.1.2.1 _____ If the ISO and the applicable Participating TO confirm that the electrical characteristics are substantially unchanged, then that request will not be placed into the interconnection queue. However, the owner of the qualifying facility, or its designee, will be required to execute a Standard Large Generator Interconnection Agreement in accordance with Section 11 of the Standard Large Generator Interconnection Procedures.

5.7.1.2.2 _____ If the ISO and the applicable Participating TO cannot confirm that the total capability and electrical characteristics are and will be substantially unchanged, then the owner of the qualifying facility, or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with the Standard Large Generator Interconnection Procedures.

5.7.2 Requests to Interconnections to the Distribution System.

Any request proposed interconnection by a New Facility Operator the owner of a planned Generating Unit, or its designee, to connect at distribution level voltage that Generating Unit to a Distribution System of a Participating TO will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff of the Interconnecting PTO or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable, of the Participating TO; provided, however, that the New Facility Operator owner of the planned Generating Unit, or its designee, shall be required to mitigate any adverse impact on reliability on of the ISO Controlled Grid in accordance consistent with Section 5.7.5 the Standard Large Generator Interconnection Procedures. In addition, each Interconnecting PTO Participating TO will provide to the ISO a copy of the System Impact Study used to determine the impact of a New Facility planned Generating Unit

on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable.

5.7.3—Interconnection Application.

~~All New Facility Operators shall submit two copies of a Completed Interconnection Application to the ISO in the form specified by the ISO. The ISO will date stamp all copies of the Interconnection Application, retain one executed copy, and, within 1 Business Day, send the other copy to the Designated Contact Person of the Interconnecting PTO. Within 10 Business Days after the Interconnecting PTO receives an Interconnection Application, the ISO and the Interconnecting PTO shall determine whether the application is complete and the ISO will notify the New Facility Operator that its Interconnection Application is complete; or, in the event that the ISO, in consultation with the Interconnecting PTO, determines that the Interconnection Application is incomplete, the ISO will notify the New Facility Operator of the deficiencies or omissions in its application.~~

5.7.3.1 Expedited Procedures For New Facilities.

~~A New Facility Operator may submit a Request for Expedited Interconnection Procedures in accordance with Section 5.7.3.1.1. The ISO will develop and post on the ISO Home Page the Planning Procedures applicable to such expedited processing of Interconnection Applications.~~

5.7.3.1.1—Request for Expedited Interconnection Procedures.

- ~~(a) — If it elects to expedite processing of its Completed Interconnection Application, a New Facility Operator shall submit a Request for Expedited Interconnection Procedures within 10 Business Days after receiving a copy of the System Impact Study for the proposed interconnection. The request should be submitted in writing to the ISO and the Interconnecting PTO.~~
- ~~(b) — Within 10 Business Days after receiving a Request for Expedited Interconnection Procedures, the ISO and Interconnecting PTO shall provide to applicant the results of any studies required in addition to the System Impact Study, and shall tender an~~

~~Expedited Interconnection Agreement that requires the applicant to compensate the Interconnecting PTO for all costs reasonably incurred pursuant to the terms of the ISO Tariff and the Interconnecting PTO's applicable TO Tariff for processing the Completed Interconnection Application and providing the requested interconnection.~~

- (c) ~~Concurrent with the provision, by the ISO and the Interconnecting PTO, of the studies referenced in subsection b, above, the Interconnecting PTO and the ISO shall provide to applicant their best estimate of the cost of any needed Direct Assignment Facilities and Reliability Upgrades, Delivery Upgrades, if requested by the New Facility Operator, and other costs that may be incurred in processing the Interconnection Application and providing the requested interconnection, however, unless otherwise agreed by the ISO, and the Interconnecting PTO, and the applicant, such cost estimate shall not be binding and the New Facility Operator shall compensate the ISO and the Interconnecting PTO for all actual interconnection costs reasonably incurred pursuant to the provisions of this Section 5.7 and the Interconnecting PTO's TO Tariff.~~
- (d) ~~The New Facility Operator shall execute and return to the Interconnecting PTO, with a copy to the ISO, such Expedited Interconnection Agreement within 10 Business Days of its receipt or the New Facility Operator's Interconnection Application will be deemed withdrawn. In that event, the New Facility Operator shall reimburse the ISO and the Interconnecting PTO for all costs reasonably incurred in the processing of the Interconnection Application, including the Request for Expedited Interconnection.~~

5.7.3.2 — Good Faith Deposit.

- (a) ~~Each New Facility Operator that submits an Interconnection Application will on the date of submission also provide a Good Faith Deposit to the ISO. The ISO shall hold the Good Faith Deposit in trust for each applicant in a separate, interest-bearing account.~~
- (b) ~~The ISO shall refund the Good Faith Deposit, with accrued interest, in the event that:~~
 - (i) ~~The ISO determines that the New Facility is not responsible for any interconnection costs, other than study costs; or~~

- (ii) ~~The applicant withdraws its Interconnection Application or its Interconnection Application is deemed withdrawn.~~

~~5.7.3.3 Posting of Interconnection Applications and Non-disclosure.~~

~~The ISO will maintain on its OASIS site an updated list of all pending Interconnection Applications. As soon as practicable after the ISO receives a Completed Interconnection Application, the ISO will post the nearest substation, the capacity (MW) of the New Facility and the year the New Facility is proposed to begin operations. At the time it submits its Interconnection Application, a New Facility Operator may request in writing that the ISO and Interconnecting PTO not publicly disclose the identity of such New Facility Operator. Upon such request, the ISO and Interconnecting PTO will not disclose the identity of the applicant while its Interconnection Application is pending, unless disclosure is permitted under Section 20.3.1 or in the event that an applicant's identity becomes otherwise publicly known.~~

~~5.7.4 Interconnection.~~

~~5.7.4.1 Detailed Planning Procedures.~~

~~The provisions set forth in this Section 5.7 shall govern the interconnection of New Facilities to the ISO Controlled Grid, including the costs of such interconnection. The ISO shall also maintain on the ISO Home Page detailed Planning Procedures and interconnection standards for all such interconnections. The ISO will develop, and post on the ISO Home Page, detailed procedures for updating the Planning Procedures.~~

~~5.7.4.2 Studies.~~

- (a) ~~Except as provided in Section 5.7.4.2(d), for each Completed Interconnection Application, the ISO will direct the Interconnecting PTO to perform the required System Impact Study and Facility Study, and any additional studies the ISO determines to be reasonably necessary.~~
- (b) ~~The Interconnecting PTO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this section. Any studies performed by the ISO or~~

~~by a third party at the direction of the ISO shall also be completed within the timelines provided in this section.~~

- ~~(e) — Each New Facility Operator shall pay the reasonable costs of all System Impact and Facility Studies performed by or at the direction of the ISO or the Interconnecting PTO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Application, including any iterative study costs required for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the procedures in Section 5.7.4.4. A New Facility Operator shall also pay the reasonable cost of Interconnecting PTO review of any System Impact Study or Facility Study that is performed by a New Facility Operator or its designee pursuant to subsection (d).~~
- ~~(d) — A New Facility Operator may perform its own System Impact Study and Facility Study, or contract with a third party to perform the System Impact Study and Facility Study, and shall so notify the ISO and the Interconnecting PTO of this election at the time it submits its Interconnection Application. Any such study or studies performed by a New Facility Operator or third party must be completed within the timelines identified in Sections 5.7.4.2.1 and 5.7.4.2.2. To the extent that the ISO and Interconnecting PTO disagree on the adequacy of the New Facility Operator or third party sponsored study, the ISO will determine the adequacy of the study, subject to the ISO's ADR Procedures. The ISO and Interconnecting PTO shall complete their review of the New Facility Operator's study within 30 calendar days of receipt of the completed study. The results of any study or studies performed by a New Facility Operator or third party must be approved by both the ISO and the Interconnecting PTO.~~

5.7.4.2.1 — System Impact Study Procedures.

~~Within 10 Business Days after receiving a Completed Interconnection Application by the Interconnecting PTO, the ISO and the Interconnecting PTO will determine, on a non-discriminatory basis, whether a System Impact Study is required. The ISO and the~~

~~Interconnecting PTO will make such determination based on the ISO Grid Planning Criteria and the transmission assessment practices outlined in the ISO Planning Procedures posted on the ISO Home Page. The ISO and Interconnecting PTO will utilize, to the extent possible, existing transmission studies. The System Impact Study will identify whether any Direct Assignment Facilities and Reliability Upgrades are needed, as well as, if requested by the New Facility Operator, any Delivery Upgrades necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the Completed Application Date.~~

~~If the ISO and the Interconnecting PTO determine that a System Impact Study is necessary, the Interconnecting PTO shall within 20 Business Days of receipt of Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and pursuant to which the applicant shall agree to reimburse the Interconnecting PTO for the reasonable actual costs of performing the required study. The New Facility Operator shall execute the System Impact Study Agreement and return it to the Interconnecting PTO within 40 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. Alternatively, a New Facility Operator can request that the Interconnecting PTO proceed with the System Impact Study and abide by the terms, conditions, and cost assignment of the System Impact Study Agreement as determined through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. If a New Facility Operator elects neither to execute the System Impact Study Agreement nor to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Interconnection Application.~~

~~The Interconnecting PTO will use due diligence to complete the System Impact Study within 60 Calendar Days of receipt of payment and the System Impact Study Agreement or initiation of the~~

~~ISO ADR Procedures. If the Interconnecting PTO cannot complete the System Impact Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.~~

5.7.4.2.2 — Facility Study Procedures.

~~If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy a New Facility Operator's request for interconnection, the Interconnecting PTO shall, within 15 Business Days of the completion of the System Impact Study, tender to a New Facility Operator a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time to complete the required study, and pursuant to which the applicant agrees to reimburse the Interconnecting PTO for the actual costs of performing the required Facility Study. The New Facility Operator shall execute the Facility Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. Alternatively, a New Facility Operator may request that the Interconnecting PTO proceed with the Facility Study and abide by the terms, conditions, and cost assignment of the Facility Study Agreement ultimately determined through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. If a New Facility Operator elects either to not execute the Facility Study Agreement or to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Application. The Interconnecting PTO will use due diligence to complete the Facility Study within 60 Calendar Days of receipt of payment and the Facility Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the Facility Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.~~

~~A New Facility Operator shall be entitled to amend its Completed Interconnection Application once without losing its queue position. Such amendment shall occur on or before 10 Business Days following the Date the Interconnecting POT tenders a Facility Study Agreement. Specifically, as an alternative to executing and returning a Facility Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 5.7.4.2.1 and the New Facility operator's Completed Interconnection Application shall not be deemed withdrawn, and it shall maintain its exiting queue position, if (a) the amended Completed Interconnection Application is received by the Interconnecting PTO within 10 Business Days of the Interconnecting PTO's tender of a Facility Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.~~

~~5.7.4.3 Execution of Interconnection Agreement.~~

~~Within 10 Business Days of receipt of a completed Facility Study, a New Facility Operator shall request the Interconnecting PTO to provide to such applicant an Interconnection Agreement. The Interconnecting PTO shall provide an Interconnection Agreement to an applicant within 30 Business Days of receipt of the request for an Interconnection Agreement. If the ISO and Interconnecting PTO determine, pursuant to Sections 5.7.4.2.1, that either:~~

- ~~(a) — a New Facility Operator's Interconnection Application can be accommodated and that such New Facility Operator will not incur costs for Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 10 Business Days of receipt of the Interconnection Agreement; or~~
- ~~(b) — a New Facility Operator's Interconnection Application will necessitate Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 30 Business Days of receipt of the Interconnection Agreement or, if a New Facility~~

~~Operator and the Interconnecting PTO are unable to agree on the rates, terms and conditions of the Interconnection Agreement, the New Facility Operator may request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC. If a New Facility Operator does request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC, the New Facility Operator shall agree to abide by the rates, terms and conditions of such Interconnection Agreement ultimately determined by FERC to be just and reasonable.~~

~~5.7.4.4 Queuing.~~

- ~~(a) The ISO and Interconnecting PTO will process all Interconnection Applications based on the New Facility's Completed Application Date.~~
- ~~(b) The queue position for each New Facility that has submitted an Interconnection Application will be established according to the Completed Application Date and the New Facility's compliance with the milestones set forth in Section 5.7.4.4.1.~~
- ~~(c) For any New Facility Operator that has submitted a request to interconnect to a Interconnecting PTO prior to the date that FERC makes Section 5.7 effective, such New Facility Operator's position in the queue will be based on its Completed Application Date as that term was defined in the Interconnecting PTOs TO Tariff in effect at the time the New Facility Operator submitted a request to interconnect to the Interconnecting PTO.~~

~~5.7.4.4.1 Queuing Milestones.~~

- ~~(a) To maintain its queue position, each New Facility Operator must timely comply with the requirements of the ISO Tariff and the TO tariff of the Interconnecting PTO and must, within 6 months of its Completed Application Date, satisfy all applicable Data Adequacy Requirements of state and local siting and other regulatory authorities. Any New Facility Operator not subject to state siting requirements must satisfy the information requirements set forth in 18 C.F.R. §2.20. The ISO will permit a New Facility Operator to retain its queue position if such New Facility Operator requests an extension of the six-month period at least 5 Business Days prior to the expiration of such period. Such~~

~~extension will be limited to one period of 30 Business Days and additional extensions shall not be granted. A New Facility Operator that does not maintain its queue position, but later satisfies the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, will be placed in a queue position comparable to that of other New Facility Operators that have satisfied the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20, as of the same date. At that time, the ISO and the Interconnecting PTO will determine whether a new System Impact Study must be performed based on the revised queue position of such New Facility Operator.~~

- ~~(b) Upon satisfaction of the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, each New Facility Operator, in order to maintain its queue position, must obtain a New Facility License within 15 months after satisfying the Data Adequacy Requirements. A New Facility Operator that does not obtain a New Facility License within the allowed time and does not maintain its queue position, but later obtains a New Facility License, will be placed in a queue position comparable to other New Facility Operators that have satisfied comparable milestones as of that date.~~
- ~~(c) Any New Facility whose New Facility License or building permit expires or is rescinded will not maintain its queue position.~~
- ~~(d) A New Facility Operator that has submitted a dispute under Article 13 of the ISO Tariff regarding any part of this Section 5.7 may request that the presiding judge, arbitrator, or mediator of the dispute suspend its obligation to meet milestones in order to maintain its queue position. In the event such a suspension is granted, the New Facility Operator must satisfy the missed milestones specified in this Section 5.7.4.4.1 within 30 calendar days of the date the decision on the dispute becomes final.~~

5.7.4.5 Coordination of Critical Protective Systems.

~~New Facility Operators shall coordinate with the ISO, Participating TOs and UDCs to ensure that a New Facility Operator's Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with ISO-Controlled Grid Critical Protective Systems and the protective systems of the Participating TOs and UDCs.~~

~~The ISO and Participating TOs will make available all information necessary for a New Facility Operator to determine whether its Critical Protective Systems are compatible with those of the ISO, Participating TOs and UDCs. The ISO and New Facility Operators shall also coordinate with entities that own, operate or control facilities outside of the ISO Controlled Grid to ensure that a New Facility's Critical Protective Systems function on a coordinated and complementary basis with such entities Critical Protective Systems.~~

5.7.5 — Cost Responsibility of New Facility Operators.

- (a) ~~Each New Facility Operator shall pay the costs of required studies in accordance with Section 5.7.4.2 and the costs identified in this Section 5.7.5. The ISO and Interconnecting PTO will provide each New Facility Operator an estimate of its total cost responsibility under this Section. A New Facility Operator shall be responsible for the actual costs of all Direct Assignment Facilities and Reliability Upgrades necessitated by its Completed Interconnection Application. The Interconnecting PTO will provide each New Facility Operator a detailed record of the actual costs assessed to it under this Section. A New Facility Operator may request the Interconnecting PTO to provide any additional information reasonably necessary to audit the actual costs the New Facility Operator is assessed.~~
- (b) ~~The ISO and Interconnecting PTO will process all Interconnection Applications, and determine the cost responsibility of each New Facility Operator based on the New Facility Operator's Completed Application Date or, if applicable, based on the queue position determined by the procedure described in Section 5.7.4.4.1(b). The ISO and Interconnecting PTO will process simultaneously all interconnection requests with the same Completed Application Date.~~
- (c) ~~Each New Facility Operator shall pay the costs of planning, installing, operating and maintaining the following facilities: (i) Direct Assignment Facilities, and, if applicable, (ii) Reliability Upgrades. In addition, each New Facility Operator shall implement all existing operating procedures necessary to safely and reliably connect the New Facility to the facilities of the Interconnecting PTO and to ensure the ISO Controlled Grid's~~

~~conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. The New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as of the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility.~~

~~(d) Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff, any Delivery Upgrades.~~

5.7.5.1 Maintenance of Encumbrances.

~~No New Facility shall adversely affect the ability of the Interconnecting PTO to honor its Encumbrances existing as of the time a New Facility submits its Interconnection Application to the ISO. The Interconnecting PTO, in consultation with the ISO, shall identify any such adverse effect on its Encumbrances in the System Impact Study performed under Section 5.7.4.2.1. To the extent the Interconnecting PTO determines that the connection of the New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.~~

5.7.5.2 Settlement of Interconnection Costs.

~~Payment for Direct Assignment Facilities and Reliability Upgrades shall be made by the New Facility Operator to the Interconnecting PTO pursuant to the terms of payment set forth in the Interconnection Agreement between the parties.~~

5.7.6 Energization.

~~Neither the ISO nor the Interconnecting PTO shall be obligated to energize, nor shall the New Facility Operator be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to~~

~~Section 5.7.4.3, and becomes effective and such New Facility Operator has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of this Section 5.2.~~

ATTACHMENT I

5.7 Interconnection of Generating Units and Generating Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

This Section 5.7 and the Standard Large Generator Interconnection Procedures (LGIP) shall apply to:

- (a) each new Generating Unit that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant;
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria; and
- (d) each existing qualifying facility Generating Unit connected to the ISO Controlled Grid whose total Generation was previously sold to a Participating TO or on-site customer but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to Section 5.7.1.2 below.

5.7.1.1 The owner of a Generating Unit described in Section 5.7.1(a), (b), or (c), or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with the Standard Large Generator Interconnection Procedures.

5.7.1.2 If the owner of a qualifying facility described in Section 5.7.1(d), or its designee, represents that the total capability and electrical characteristics of the qualifying facility will be substantially unchanged, then that entity must submit an affidavit to the ISO and the applicable Participating TO representing that the total capability and electrical characteristics of the qualifying facility will remain substantially unchanged. If there is any change to the total capability and electrical characteristics of the qualifying facility, however, the affidavit shall include supporting information describing any such changes.

The ISO and the applicable Participating TO shall have the right to verify whether or not the total capability or electrical characteristics of the qualifying facility have changed or will change.

5.7.1.2.1 If the ISO and the applicable Participating TO confirm that the electrical characteristics are substantially unchanged, then that request will not be placed into the interconnection queue.

However, the owner of the qualifying facility, or its designee, will be required to execute a Standard Large Generator Interconnection Agreement in accordance with Section 11 of the Standard Large Generator Interconnection Procedures.

5.7.1.2.2 If the ISO and the applicable Participating TO cannot confirm that the total capability and electrical characteristics are and will be substantially unchanged, then the owner of the qualifying facility, or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with the Standard Large Generator Interconnection Procedures.

5.7.2 Interconnections to the Distribution System.

Any proposed interconnection by the owner of a planned Generating Unit, or its designee, to connect that Generating Unit to a Distribution System of a Participating TO will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable, of the Participating TO; provided, however, that the owner of the planned Generating Unit, or its designee, shall be required to mitigate any adverse impact on reliability of the ISO Controlled Grid consistent with the Standard Large Generator Interconnection Procedures. In addition, each Participating TO will provide to the ISO a copy of the system impact study used to determine the impact of a planned Generating Unit on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181D
Superseding Original Sheet No. 181D

[PAGE NOT USED]

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181E
Superseding Original Sheet No. 181E

[PAGE NOT USED]

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181F
Superseding Original Sheet No. 181F

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FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181G
Superseding Original Sheet No. 181G

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FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Second Revised Sheet No. 181H
Superseding First Revised Sheet No. 181H

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FIRST REPLACEMENT VOLUME NO. I

Second Revised Sheet No. 1811
Superseding First Revised Sheet No. 1811

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FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Second Revised Sheet No. 181J
Superseding First Revised Sheet No. 181J

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CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Second Revised Sheet No. 181K
Superseding First Revised Sheet No. 181K

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CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181L
Superseding Original Sheet No. 181L

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CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181M
Superseding Original Sheet No. 181M

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FERC ELECTRIC TARIFF
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181N
Superseding Original Sheet No. 181N

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5.8 Recordkeeping; Information Sharing.

5.8.1 Requirements for Maintaining Records.

Participating Generators shall provide to the ISO such information and maintain such records as are reasonably required by the ISO to plan the efficient use and maintain the reliability of the ISO Controlled Grid.

5.8.2 Providing Information to Generators.

The ISO shall provide to any Participating Generator, upon its request, copies of any operational assessments, studies or reports prepared by or for the ISO (unless such assessments studies or reports are subject to confidentiality rights or any rule of law that prohibits disclosure) concerning the operations of such Participating Generator's

ATTACHMENT J

**APPENDIX 2 to LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer;") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of _____ California, ("Transmission Provider Participating TO" or "ISO"). The Interconnection Customer and Transmission Provider the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____ ; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has requested the _____ ~~Transmission Provider~~ ["Participating TO" or "ISO"] to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility ~~to the Transmission System, and of any Affected Systems;~~

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's Commission FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 The Interconnection Customer elects and ~~Transmission Provider~~ the _____ ["Participating TO" or "ISO"] shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the is LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Transmission ProviderThe“Participating TO” or “ISO” reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.35.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.35.4 of the LGIP, the Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

preliminary identification of any circuit breaker short circuit capability limits exceeded on the Participating TO’s electric system as a result of the interconnection;

preliminary identification of any thermal overload or voltage limit violations on the Participating TO’s electric system resulting from the interconnection; and

preliminary description and non-binding estimated cost of the Participating TO’s facilities required to interconnect the Large Generating Facility to the Participating TO’s Transmission Systemelectric system and to address the identified short circuit and power flow issues;

expected results in the Interconnection System Impact Study; and

An informational assessment, as needed, of other Participating TOs’ portions of the ISO Controlled Grid, and may include:

change in short circuit duty at the boundary buses to other Participating TOs.

thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.

- 6.0 In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.4.5.1 of the LGIP, the Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Following the issuance~~Upon receipt~~ of the Interconnection Feasibility Study to the Interconnection Customer the Transmission Provider
["Participating TO" or "ISO"] shall charge and the
Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.

Any difference between the deposits made toward the Interconnection Feasibility Study, amendments and re-studies to the Interconnection Feasibility Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

- 7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The
["Participating TO" or "ISO"] may provide a copy of the Interconnection Feasibility Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Feasibility Study or re-study may be required in such event.

- 8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Feasibility Study, such as system conditions, existing and planned generation, and unit modeling, may change after the
["Participating TO" or "ISO"] provides the Interconnection Feasibility Study results to the Interconnection Customer.
Study results will reflect available data at the time the
["Participating TO" or "ISO"] provides the Interconnection Feasibility Study to the Interconnection Customer. The
["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection Feasibility Study is required, the _____ [“Interconnecting Participating TO” or “ISO”] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 6.4 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Feasibility Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this Interconnection Feasibility Study at the Participating TO’s offices and at its own expense, to audit the Participating TO’s records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO’s notification of the final costs of the Interconnection Feasibility Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 6.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ [“Participating TO” or “ISO”]. If the _____ [“Participating TO” or “ISO”] does not receive the fully executed Agreement and payment pursuant to Section 6.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer’s receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous. The Interconnection Feasibility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional

practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Feasibility Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP

13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

13.3 Binding Effect. This Interconnection Feasibility Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

13.4 Conflicts. In the event of a conflict between the body of this Interconnection Feasibility Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Feasibility Study Agreement shall prevail and be deemed the final intent of the Parties.

13.5 Rules of Interpretation. This Interconnection Feasibility Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Feasibility Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Section, or other provision hereof or thereof); (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Feasibility Study Agreement or such Appendix to this Interconnection Feasibility Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Feasibility Study Agreement as a whole and not to any particular Article, (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from

and including”, “to” means “to but excluding” and “through” means “through and including”.

13.6 Entire Agreement. This Interconnection Feasibility Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Feasibility Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party’s compliance with its obligations under this Interconnection Feasibility Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Feasibility Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection Feasibility Study Agreement, or with respect to any other matter arising in connection with this Interconnection Feasibility Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection Feasibility Study Agreement. Any

delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection Feasibility Study Agreement shall not constitute or be deemed a waiver of such right.

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Feasibility Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Feasibility Study Agreement.

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

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Feasibility Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The ["Participating TO" or "ISO"] shall each have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Feasibility Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection Feasibility Study Agreement shall not be interpreted or construed to create an association, joint venture,

agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection Feasibility Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Feasibility Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Feasibility Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Feasibility Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Feasibility Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner, if applicable~~ the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

**Attachment A to
Appendix 2
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and ~~Transmission~~ Provider the ["Participating TO" or "ISO"]

**APPENDIX 3 to LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ insert name of the Participating TO or "the California Independent System Operator Corporation" a _____ existing under the laws of the State of California , ("Transmission Provider Participating TO" or "ISO"). ~~The~~ Interconnection Customer and ~~Transmission Provider~~ the _____ [Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, ~~the~~ Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____ ; and

WHEREAS, ~~the~~ Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid; ~~and~~

WHEREAS, the ~~Transmission Provider~~ _____ [Participating TO" or "ISO"] has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer¹; and

WHEREAS, ~~the~~ Interconnection Customer has requested the ~~Transmission Provider~~ _____ [Participating TO" or "ISO"] to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility ~~to the Transmission System, and of any Affected Systems~~;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO's Commission FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

¹ This recital to be omitted if ~~the~~ Interconnection Customer has elected to forego the Interconnection Feasibility Study.

- 2.0 The Interconnection Customer elects and ~~Transmission Provider~~ the _____ ["Participating TO" or "ISO"] shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of ~~this~~ the LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by the Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. ~~Transmission Provider~~ The _____ ["Participating TO" or "ISO"] reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection ~~Customer~~ System Impact Study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the following information:
- identification of any circuit breaker short circuit capability limits exceeded on the Participating TO's electric system as a result of the interconnection;
 - identification of any thermal overload or voltage limit violations on the Participating TO's electric system resulting from the interconnection;
 - identification of any instability or inadequately damped response to system disturbances on the Participating TO's electric system resulting from the interconnection; ~~and~~
 - an informational assessment, as needed, of other Participating TOs' portions of the ISO Controlled Grid, which may include:
 - change in short circuit duty at the boundary buses to other Participating TOs.

- Thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.
- a description and non-binding, good faith estimated cost of facilities on the Participating TO's electric system required to interconnect the Large Generating Facility to the Transmission System-Participating TO's portion of the ISO Controlled Grid and to address the identified short circuit, instability, and power flow issues on the Participating TO's portion of the ISO Controlled Grid;
- if the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP.

6.0 The Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. The Transmission Provider ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Interconnection System Impact Study is _____[insert date].

~~Upon receipt~~ Following the issuance of the Interconnection System Impact Study, ~~Transmission Provider the~~ _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study, inclusive of any re-studies and amendments to the Interconnection System Impact Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection System Impact Study, amendments and re-studies to the Interconnection System Impact Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ ["Participating TO" or "ISO"] may provide a copy of the Interconnection System Impact Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the

Interconnection System Impact Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection System Impact Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection System Impact Study is required, the _____ ["Participating TO" or "ISO"] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 7.6 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection System Impact Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection System Impact Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 7.2 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the [“Participating TO” or “ISO”]. If the [“Participating TO” or “ISO”] does not receive the fully executed Agreement and payment pursuant to Section 7.2 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer’s receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous. ~~The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.]~~

13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection System Impact Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.

13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

13.3 Binding Effect. This Interconnection System Impact Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

13.4 Conflicts. In the event of a conflict between the body of this Interconnection System Impact Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection System Impact Study Agreement shall prevail and be deemed the final intent of the Parties.

13.5 Rules of Interpretation. This Interconnection System Impact Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person’s successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection System Impact Study Agreement, and reference to a person in a particular

capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection System Impact Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection System Impact Study Agreement or such Appendix to this Interconnection System Impact Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection System Impact Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

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

13.7 No Third Party Beneficiaries. This Interconnection System Impact Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.8 Waiver. The failure of a Party to this Interconnection System Impact Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection System Impact Study Agreement will

not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection System Impact Study Agreement, or with respect to any other matter arising in connection with this Interconnection System Impact Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection System Impact Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection System Impact Study Agreement shall not constitute or be deemed a waiver of such right.

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection System Impact Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection System Impact Study Agreement.

13.10 Multiple Counterparts. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The [“Participating TO” or “ISO”] shall each have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection System Impact Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

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

13.15 Assignment. This Interconnection System Impact Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection System Impact Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection System Impact Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection System Impact Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party’s, trustee’s or mortgagee’s assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will

notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection System Impact Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner, if applicable~~ the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A
To Appendix 3
Interconnection System Impact
Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and ~~Transmission Provider~~ the ["Participating TO" or "ISO"]

**APPENDIX 4 to LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"], a _____ existing under the laws of the State of California _____, ("~~Transmission Provider Participating TO~~" or "~~ISO~~"). ~~The~~ Interconnection Customer and ~~Transmission Provider~~ the _____ [“Participating TO” or “ISO”] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, ~~the~~ Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, ~~the~~ Interconnection Customer desires to interconnect the Large Generating Facility with the ~~Transmission System~~ ISO Controlled Grid;

WHEREAS, the ~~Transmission Provider~~ _____ [“Participating TO” or “ISO”] has completed an Interconnection System Impact Study (the “System Impact Study”) and provided the results of said study to the Interconnection Customer; and

WHEREAS, ~~the~~ Interconnection Customer has requested the _____ ~~Transmission Provider~~ [“Participating TO” or “ISO”] to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO’s electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the ~~Transmission System~~ ISO Controlled Grid.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ ISO’s Commission FERC-approved Standard Large Generation Interconnection Procedures (“LGIP”) or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

- 2.0 ~~The Interconnection Customer elects and Transmission Provider the~~ **["Participating TO" or "ISO"]** shall cause an Interconnection Facilities Study consistent with Section 8-θ of the ~~is~~-LGIP to be performed in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities within the Participating TO's electric system to interconnect the Large Generating Facility to the ~~Transmission System~~ ISO Controlled Grid and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 The Interconnection Customer shall provide a deposit of the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

For studies where the estimated cost exceed \$100,000, the **["Participating TO" or "ISO"]** ~~Transmission Provider~~ shall ~~may~~ invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study for the remaining balance of the estimated Interconnection Facilities Study cost each month. ~~The~~ Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. ~~Transmission Provider~~ ~~The~~ **["Participating TO" or "ISO"]** shall continue to hold the amounts on deposit until settlement of the final invoice.

Following the issuance of the Interconnection Facilities Study, the **["Participating TO" or "ISO"]** shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study, inclusive of any re-studies and amendments to the Interconnection Facilities Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection Facilities Study and the actual cost of the study, inclusive of any re-studies and amendments thereto, shall be paid by or refunded to the

Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

- 6.0 The Interconnection Facilities Study will be based upon the results of the Interconnection System Impact Study and the technical information provided by the Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. The _____ **["Participating TO" or "ISO"]** reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Facilities Study.

If the Interconnection Customer modifies its Interconnection Request or the technical information provided therein is modified, the time to complete the Interconnection Facilities Study may be extended.

- 7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ **["Participating TO" or "ISO"]** may provide a copy of the Interconnection Facilities Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Facilities Study or re-study may be required in such event.

- 8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Facilities Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ **["Participating TO" or "ISO"]** provides the Interconnection Facilities Study to the Interconnection Customer. The _____ **["Participating TO" or "ISO"]** shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 9.0 In the event that a re-study or amendment of the Interconnection Facilities Study is required, the _____ **["Participating TO" or "ISO"]** shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to

proceed with the re-study or amendment and any associated deposit payment pursuant to Section 8.5 or Section 12.2.4 of the LGIP, as applicable.

10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Facilities Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Facilities Study, inclusive of any re-study or amendment thereto.

11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

12.0 Pursuant to Section 8.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 8.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous.—The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Facilities Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Facilities Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Facilities Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Facilities Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Facilities Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Facilities Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Facilities Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Facilities Study Agreement or such Appendix to this Interconnection Facilities Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Facilities Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of

any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

13.6 Entire Agreement. This Interconnection Facilities Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Facilities Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party’s compliance with its obligations under this Interconnection Facilities Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Facilities Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection Facilities Study Agreement, or with respect to any other matter arising in connection with this Interconnection Facilities Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection Facilities Study Agreement. Any

delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection Facilities Study Agreement shall not constitute or be deemed a waiver of such right.

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Facilities Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Facilities Study Agreement.

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

13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties.

13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Facilities Study Agreement upon satisfaction of all applicable laws and regulations.

13.13 Reservation of Rights. The **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Facilities Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

13.14 No Partnership. This Interconnection Facilities Study Agreement shall not be interpreted or construed to create an association, joint venture, agency

relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection Facilities Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Facilities Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Facilities Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Facilities Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Facilities Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner~~, if applicable the Participating TO or "California Independent System Operator Corporation"]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment B (page 1)
Appendix 4
Interconnection Facilities
Study Agreement

DATA -FORM TO -BE PROVIDED BY THE INTERCONNECTION CUSTOMER
WITH THE
INTERCONNECTION FACILITIES STUDY AGREEMENT

Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.

Provide location plan and ~~simplified~~ one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ~~ring~~-bus or existing Transmission Provider station. Number of generation connections: _____

On the one line indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT)
Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?
____ Yes ____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? ____ Yes ____ No
(Please indicate on one line).

What type of control system or PLC will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to ~~Transmission Provider's~~ the Participating TO's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with ~~Transmission Provider~~ the Participating TO or ISO.

Is the Large Generating Facility in ~~the Transmission Provider's~~ the Participating TO's service area?

Yes No Local provider:

**APPENDIX 5 to LGIP
OPTIONAL INTERCONNECTION STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ **[insert name of the Participating TO or "the California Independent System Operator Corporation"]** a _____ existing under the laws of the State of California _____, ("~~Transmission Provider~~ **Participating TO" or "ISO"**"). ~~The Interconnection Customer and Transmission Provider~~ **the ["Participating TO" or "ISO"]** each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, ~~the~~ Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____;

WHEREAS, ~~the~~ Interconnection Customer is proposing to establish an interconnection with the ~~Transmission System~~ **ISO Controlled Grid**; and

WHEREAS, ~~the~~ Interconnection Customer has submitted to ~~Transmission Provider~~ **the ISO** an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, ~~the~~ Interconnection Customer has further requested that _____ **["Participating TO" or "ISO"]** ~~the Transmission Provider~~ prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ~~Transmission Provider~~ **ISO's** ~~Commission~~ **FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.**

2.0 ~~The~~ Interconnection Customer elects and ~~Transmission Provider~~ **the** _____ **["Participating TO" or "ISO"]** shall cause an

Optional Interconnection Study consistent with Section 10.0 of the ~~is~~ LGIP to be performed in accordance with the ISO Tariff.

- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify the ~~Transmission Provider's~~ Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by the Interconnection Customer in Attachment A.
- 6.0 The Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. ~~The Transmission Provider's~~ _____ ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Optional Interconnection Study is _____ [insert date].

~~Upon receipt~~ Following the issuance of the Optional Interconnection Study, the ~~Transmission Provider~~ _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Optional Interconnection Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate.

- 7.0 Substantial portions of technical data and assumptions used to perform the Optional Interconnection Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the Optional Interconnection Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Optional Interconnection Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the _____

Interconnection Customer as a result of changes in such data and assumptions.

8.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Optional Interconnection Study in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Optional Interconnection Study.

9.0 Pursuant to Section 10.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 10.1 of the LGIP, then the offer reflected in this Agreement will expire and this Agreement will be of no effect.

10.0 Miscellaneous. ~~The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.~~

10.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Optional Interconnection Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP

10.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

- 10.3 Binding Effect. This Optional Interconnection Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 10.4 Conflicts. In the event of a conflict between the body of this Optional Interconnection Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Optional Interconnection Study Agreement shall prevail and be deemed the final intent of the Parties.
- 10.5 Rules of Interpretation. This Optional Interconnection Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Optional Interconnection Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Optional Interconnection Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Optional Interconnection Study Agreement or such Appendix to this Optional Interconnection Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Optional Interconnection Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 10.6 Entire Agreement. This Optional Interconnection Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the

subject matter of this Optional Interconnection Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Optional Interconnection Study Agreement.

10.7 No Third Party Beneficiaries. This Optional Interconnection Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

Any waivers at any time by any Party of its rights with respect to any default under this Optional Interconnection Study Agreement, or with respect to any other matter arising in connection with this Optional Interconnection Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Optional Interconnection Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Optional Interconnection Study Agreement shall not constitute or be deemed a waiver of such right.

10.9 Headings. The descriptive headings of the various Articles and Sections of this Optional Interconnection Study Agreement have been inserted for convenience of reference only and are of no significance in the

interpretation or construction of this Optional Interconnection Study Agreement.

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

10.11 Amendment. The Parties may by mutual agreement amend this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties.

10.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Optional Interconnection Study Agreement upon satisfaction of all applicable laws and regulations.

10.13 Reservation of Rights. The **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Optional Interconnection Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

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

10.15 Assignment. This Optional Interconnection Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Optional Interconnection Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Optional Interconnection Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Optional Interconnection Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Optional Interconnection Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of ~~Transmission Provider or Transmission Owner~~, if applicable the Participating TO or “California Independent System Operator Corporation”]

By: _____ By:

Title: _____ Title:

Date: _____ Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A
Appendix 5
Optional Interconnection
Study Agreement

ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY

[To be completed by the Interconnection Customer consistent with Section 10
of the LGIP.]

ATTACHMENT K

INTERCONNECTION FEASIBILITY STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20___ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of California, ("Participating TO" or "ISO"). The Interconnection Customer and the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has requested the _____ ["Participating TO" or "ISO"] to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 The Interconnection Customer elects and the _____ ["Participating TO" or "ISO"] shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of the LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. The _____ [“Participating TO” or “ISO”] reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.5.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.5.4 of the LGIP, the Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

preliminary identification of any circuit breaker short circuit capability limits exceeded on the Participating TO’s electric system as a result of the interconnection;

preliminary identification of any thermal overload or voltage limit violations on the Participating TO’s electric system resulting from the interconnection;

preliminary description and non-binding estimated cost of the Participating TO’s facilities required to interconnect the Large Generating Facility to the Participating TO’s electric system and to address the identified short circuit and power flow issues;

expected results in the Interconnection System Impact Study; and

An informational assessment, as needed, of other Participating TOs’ portions of the ISO Controlled Grid, and may include:

change in short circuit duty at the boundary buses to other Participating TOs.

thermal overloads and voltage limit violations of a limited set of contingencies as provided by the ISO or the other Participating TO.

- 6.0 In addition to the deposit(s) paid by the Interconnection Customer pursuant to Section 3.5.1 of the LGIP, the Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Following the issuance of the Interconnection Feasibility Study to the Interconnection Customer the _____ [“Participating TO” or “ISO”] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study, inclusive of any re-studies and amendments to the Interconnection Feasibility Study, pursuant to Section 9 of this Agreement.

Any difference between the deposits made toward the Interconnection Feasibility Study, amendments and re-studies to the Interconnection Feasibility Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

- 7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ [“Participating TO” or “ISO”] may provide a copy of the Interconnection Feasibility Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Feasibility Study or re-study may be required in such event.
- 8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Feasibility Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ [“Participating TO” or “ISO”] provides the Interconnection Feasibility Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ [“Participating TO” or “ISO”] provides the Interconnection Feasibility Study to the Interconnection Customer. The _____ [“Participating TO” or “ISO”] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.
- 9.0 In the event that a re-study or amendment of the Interconnection Feasibility Study is required, the _____ [“Interconnecting

Participating TO” or “ISO”] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 6.4 or Section 12.2.4 of the LGIP, as applicable.

- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Feasibility Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this Interconnection Feasibility Study at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Feasibility Study, inclusive of any re-study or amendment thereto.

- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.

- 12.0 Pursuant to Section 6.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ [“Participating TO” or “ISO”]. If the _____ [“Participating TO” or “ISO”] does not receive the fully executed Agreement and payment pursuant to Section 6.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

- 13.0 Miscellaneous.

- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Feasibility Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP

- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Feasibility Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Feasibility Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Feasibility Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Feasibility Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Feasibility Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Section, or other provision hereof or thereof); (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Feasibility Study Agreement or such Appendix to this Interconnection Feasibility Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Feasibility Study Agreement as a whole and not to any particular Article, (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 13.6 Entire Agreement. This Interconnection Feasibility Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the

subject matter of this Interconnection Feasibility Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Feasibility Study Agreement.

13.7 No Third Party Beneficiaries. This Interconnection Feasibility Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection Feasibility Study Agreement, or with respect to any other matter arising in connection with this Interconnection Feasibility Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection Feasibility Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection Feasibility Study Agreement shall not constitute or be deemed a waiver of such right.

13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Feasibility Study Agreement have been inserted for convenience of reference only and are of no significance in the

interpretation or construction of this Interconnection Feasibility Study Agreement.

- 13.10 Multiple Counterparts. This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties.
- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Feasibility Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Feasibility Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ ["Participating TO" or "ISO"] shall each have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Feasibility Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 13.14 No Partnership. This Interconnection Feasibility Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.

13.15 Assignment. This Interconnection Feasibility Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Feasibility Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Feasibility Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Feasibility Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Feasibility Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

**Attachment A to
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and the ["Participating TO" or "ISO"]

INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [insert name of the Participating TO or "the California Independent System Operator Corporation"] a _____ existing under the laws of the State of California, ("Participating TO" or "ISO"). The Interconnection Customer and the _____ ["Participating TO" or "ISO"] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid; and

WHEREAS, the _____ ["Participating TO" or "ISO"] has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer¹; and

WHEREAS, the Interconnection Customer has requested the _____ ["Participating TO" or "ISO"] to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

¹ This recital to be omitted if the Interconnection Customer has elected to forego the Interconnection Feasibility Study.

- 2.0 The Interconnection Customer elects and the _____
[“Participating TO” or “ISO”] shall cause to be performed an
Interconnection System Impact Study consistent with Section 7 of the
LGIP in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to
the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results
of the Interconnection Feasibility Study and the technical information
provided by the Interconnection Customer in the Interconnection Request,
subject to any modifications in accordance with Section 4.4 of the LGIP.
The _____ [“Participating TO” or “ISO”] reserves the
right to request additional technical information from the Interconnection
Customer as may reasonably become necessary consistent with Good
Utility Practice during the course of the Interconnection System Impact
Study. If the Interconnection Customer modifies its designated Point of
Interconnection, Interconnection Request, or the technical information
provided therein is modified, the time to complete the Interconnection
System Impact Study may be extended.
- 5.0 The Interconnection System Impact Study report shall provide the
following information:
- identification of any circuit breaker short circuit capability limits
exceeded on the Participating TO’s electric system as a result of
the interconnection;
 - identification of any thermal overload or voltage limit violations on
the Participating TO’s electric system resulting from the
interconnection;
 - identification of any instability or inadequately damped response to
system disturbances on the Participating TO’s electric system
resulting from the interconnection;
 - an informational assessment, as needed, of other Participating
TOs’ portions of the ISO Controlled Grid, which may include:
 - change in short circuit duty at the boundary buses to other
Participating TOs.
 - Thermal overloads and voltage limit violations of a limited set
of contingencies as provided by the ISO or the other
Participating TO.

- a description and non-binding, good faith estimated cost of facilities on the Participating TO's electric system required to interconnect the Large Generating Facility to the Participating TO's portion of the ISO Controlled Grid and to address the identified short circuit, instability, and power flow issues on the Participating TO's portion of the ISO Controlled Grid; if the Participating TO is an interconnecting Participating TO for the Large Generating Facility, a Deliverability Assessment on the ISO Controlled Grid pursuant to Section 3.3 of the LGIP.

6.0 The Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. The _____ ["Participating TO" or "ISO"]'s good faith estimate for the time of completion of the Interconnection System Impact Study is _____[insert date].

Following the issuance of the Interconnection System Impact Study, the _____ ["Participating TO" or "ISO"] shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study, inclusive of any re-studies and amendments to the Interconnection System Impact Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection System Impact Study, amendments and re-studies to the Interconnection System Impact Study, and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ ["Participating TO" or "ISO"] may provide a copy of the Interconnection System Impact Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection System Impact Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection System Impact Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ ["Participating TO" or "ISO"] provides the

Interconnection System Impact Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ ["Participating TO" or "ISO"] provides the Interconnection System Impact Study to the Interconnection Customer. The _____ ["Participating TO" or "ISO"] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 9.0 In the event that a re-study or amendment of the Interconnection System Impact Study is required, the _____ ["Participating TO" or "ISO"] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit payment pursuant to Section 7.6 or Section 12.2.4 of the LGIP, as applicable.
- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection System Impact Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO's offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection System Impact Study, inclusive of any re-study or amendment thereto.
- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.
- 12.0 Pursuant to Section 7.2 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ ["Participating TO" or "ISO"]. If the _____ ["Participating TO" or "ISO"] does not receive the fully executed Agreement and payment pursuant to Section 7.2 of the

LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.

13.0 Miscellaneous.

- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection System Impact Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection System Impact Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection System Impact Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection System Impact Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection System Impact Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection System Impact Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection System Impact Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection System Impact Study Agreement or such Appendix to this Interconnection System Impact Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and

words of similar import shall be deemed references to this Interconnection System Impact Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 13.6 Entire Agreement. This Interconnection System Impact Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection System Impact Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection System Impact Study Agreement.
- 13.7 No Third Party Beneficiaries. This Interconnection System Impact Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 13.8 Waiver. The failure of a Party to this Interconnection System Impact Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection System Impact Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection System Impact Study Agreement, or with respect to any other matter arising in connection with this Interconnection System Impact Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection System Impact Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection System Impact Study Agreement shall not constitute or be deemed a waiver of such right.

- 13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection System Impact Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection System Impact Study Agreement.
- 13.10 Multiple Counterparts. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ ["Participating TO" or "ISO"] shall each have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection System

Impact Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

- 13.14 No Partnership. This Interconnection System Impact Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 13.15 Assignment. This Interconnection System Impact Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection System Impact Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection System Impact Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection System Impact Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection System Impact Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A

Interconnection System Impact Study Agreement

ASSUMPTIONS USED IN CONDUCTING THE INTERCONNECTION SYSTEM IMPACT STUDY

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by the Interconnection Customer and other assumptions to be provided by the Interconnection Customer and the ["Participating TO" or "ISO"]

INTERCONNECTION FACILITIES STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and **insert name of the Participating TO or "the California Independent System Operator Corporation"**, a _____ existing under the laws of the State of California , (**"Participating TO" or "ISO"**). The Interconnection Customer and the _____ [**"Participating TO" or "ISO"**] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Large Generating Facility with the ISO Controlled Grid;

WHEREAS, the _____ [**"Participating TO" or "ISO"**] has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the _____ [**"Participating TO" or "ISO"**] to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed on the Participating TO's electric system to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the ISO Controlled Grid.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.

- 2.0 The Interconnection Customer elects and the _____ **["Participating TO" or "ISO"]** shall cause an Interconnection Facilities Study consistent with Section 8 of the LGIP to be performed in accordance with the ISO Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), and schedule for required facilities within the Participating TO's electric system to interconnect the Large Generating Facility to the ISO Controlled Grid and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 The Interconnection Customer shall provide a deposit of the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

For studies where the estimated cost exceed \$100,000, the _____ **["Participating TO" or "ISO"]** may invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study for the remaining balance of the estimated Interconnection Facilities Study cost. The Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. The _____ **["Participating TO" or "ISO"]** shall continue to hold the amounts on deposit until settlement of the final invoice.

Following the issuance of the Interconnection Facilities Study, the _____ **["Participating TO" or "ISO"]** shall charge and the Interconnection Customer shall pay the actual costs of the Interconnection Facilities Study, inclusive of any re-studies and amendments to the Interconnection Facilities Study, pursuant to Section 9 of this Agreement.

Any difference between the deposit made toward the Interconnection Facilities Study and the actual cost of the study, inclusive of any re-studies and amendments thereto, shall be paid by or refunded to the Interconnection Customer, as appropriate in accordance with Section 13.3 of the LGIP.

6.0 The Interconnection Facilities Study will be based upon the results of the Interconnection System Impact Study and the technical information provided by the Interconnection Customer in the Interconnection Request, subject to any modifications in accordance with Section 4.4 of the LGIP. The _____ [**“Participating TO” or “ISO”**] reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Facilities Study.

If the Interconnection Customer modifies its Interconnection Request or the technical information provided therein is modified, the time to complete the Interconnection Facilities Study may be extended.

7.0 Pursuant to Section 3.7 of the LGIP, the ISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems. The _____ [**“Participating TO” or “ISO”**] may provide a copy of the Interconnection Facilities Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection, and a revision of the Interconnection Facilities Study or re-study may be required in such event.

8.0 Substantial portions of technical data and assumptions used to perform the Interconnection Facilities Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ [**“Participating TO” or “ISO”**] provides the Interconnection Facilities Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ [**“Participating TO” or “ISO”**] provides the Interconnection Facilities Study to the Interconnection Customer. The _____ [**“Participating TO” or “ISO”**] shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

9.0 In the event that a re-study or amendment of the Interconnection Facilities Study is required, the _____ [**“Participating TO” or “ISO”**] shall provide notification of the need for such re-study or amendment, and the Interconnection Customer shall provide direction as to whether to proceed with the re-study or amendment and any associated deposit

payment pursuant to Section 8.5 or Section 12.2.4 of the LGIP, as applicable.

- 10.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Interconnection Facilities Study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Interconnection Facilities Study, inclusive of any re-study or amendment thereto.
- 11.0 In accordance with Section 3.8 of the LGIP, the Interconnection Customer may withdraw its Interconnection Request at any time by written notice to the ISO. Upon receipt of such notice, this Agreement shall terminate.
- 12.0 Pursuant to Section 8.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 8.1 of the LGIP, then the Interconnection Request will be deemed withdrawn upon the Interconnection Customer's receipt of written notice by the ISO pursuant to Section 3.8 of the LGIP.
- 13.0 Miscellaneous.
- 13.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Interconnection Facilities Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP.
- 13.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 13.3 Binding Effect. This Interconnection Facilities Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

- 13.4 Conflicts. In the event of a conflict between the body of this Interconnection Facilities Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Facilities Study Agreement shall prevail and be deemed the final intent of the Parties.
- 13.5 Rules of Interpretation. This Interconnection Facilities Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Facilities Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Facilities Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Facilities Study Agreement or such Appendix to this Interconnection Facilities Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Facilities Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 13.6 Entire Agreement. This Interconnection Facilities Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Interconnection Facilities Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's

compliance with its obligations under this Interconnection Facilities Study Agreement.

- 13.7 No Third Party Beneficiaries. This Interconnection Facilities Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 13.8 Waiver. The failure of a Party to this Interconnection Facilities Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Facilities Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

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

Any waivers at any time by any Party of its rights with respect to any default under this Interconnection Facilities Study Agreement, or with respect to any other matter arising in connection with this Interconnection Facilities Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Interconnection Facilities Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Interconnection Facilities Study Agreement shall not constitute or be deemed a waiver of such right.

- 13.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Facilities Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Facilities Study Agreement.

- 13.10 Multiple Counterparts. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 13.11 Amendment. The Parties may by mutual agreement amend this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties.
- 13.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection Facilities Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection Facilities Study Agreement upon satisfaction of all applicable laws and regulations.
- 13.13 Reservation of Rights. The _____ **["Participating TO" or "ISO"]** shall each have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Facilities Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 13.14 No Partnership. This Interconnection Facilities Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 13.15 Assignment. This Interconnection Facilities Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Facilities Study Agreement without the consent of the other Party to any Affiliate of the

assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Interconnection Facilities Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Facilities Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Interconnection Facilities Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

Attachment A

Interconnection Facilities Study Agreement

INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY

The _____ [**“Participating TO” or “ISO”**] shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to the Interconnection Customer. Prior to issuing draft study results to the Interconnection Customer, the Participating TO and ISO shall share results for review and incorporate comments within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- one hundred twenty (120) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- two hundred ten (210) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

Attachment B

**Interconnection Facilities
Study Agreement**

**DATA FORM TO BE PROVIDED BY THE INTERCONNECTION CUSTOMER
WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT**

Provide two copies of this completed form and other required plans and diagrams in accordance with Section 8.1 of the LGIP.

Provide location plan and one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new bus or existing Transmission Provider station. Number of generation connections: _____

On the one line indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line indicate the location of auxiliary power. (Minimum load on CT/PT)

Will an alternate source of auxiliary power be available during CT/PT maintenance?
____ Yes ____ No_

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? ____ Yes ____ No
(Please indicate on one line).

What type of control system or PLC will be located at the Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to the Participating TO's transmission line.

Tower number observed in the field. (Painted on tower leg)*

Number of third party easements required for transmission lines*:

* To be completed in coordination with the Participating TO or ISO.

Is the Large Generating Facility in the Participating TO's service area?

Yes No Local provider:

OPTIONAL INTERCONNECTION STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ [**insert name of the Participating TO or "the California Independent System Operator Corporation"**] a _____ existing under the laws of the State of California, ("**Participating TO**" or "**ISO**"). The Interconnection Customer and the _____ [**"Participating TO" or "ISO"**] each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by the Interconnection Customer dated _____;

WHEREAS, the Interconnection Customer is proposing to establish an interconnection with the ISO Controlled Grid; and

WHEREAS, the Interconnection Customer has submitted to the ISO an Interconnection Request; and

WHEREAS, on or after the date when the Interconnection Customer receives the Interconnection System Impact Study results, the Interconnection Customer has further requested that _____ [**"Participating TO" or "ISO"**] prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in the ISO's FERC-approved Standard Large Generation Interconnection Procedures ("LGIP") or the Master Definitions Supplement, Appendix A to the ISO Tariff, as applicable.
- 2.0 The Interconnection Customer elects and the _____ [**"Participating TO" or "ISO"**] shall cause an Optional Interconnection Study consistent with Section 10 of the LGIP to be performed in accordance with the ISO Tariff.

- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by the Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify the Participating TO's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by the Interconnection Customer in Attachment A.
- 6.0 The Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. The _____ **["Participating TO" or "ISO"]**'s good faith estimate for the time of completion of the Optional Interconnection Study is _____ [insert date].

Following the issuance of the Optional Interconnection Study, the _____ **["Participating TO" or "ISO"]** shall charge and the Interconnection Customer shall pay the actual costs of the Optional Interconnection Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to the Interconnection Customer, as appropriate.

- 7.0 Substantial portions of technical data and assumptions used to perform the Optional Interconnection Study, such as system conditions, existing and planned generation, and unit modeling, may change after the _____ **["Participating TO" or "ISO"]** provides the Optional Interconnection Study results to the Interconnection Customer. Study results will reflect available data at the time the _____ **["Participating TO" or "ISO"]** provides the Optional Interconnection Study to the Interconnection Customer. The _____ **["Participating TO" or "ISO"]** shall not be responsible for any additional costs, including without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 8.0 The Participating TO shall maintain records and accounts of all costs incurred in performing the Optional Interconnection Study in sufficient detail to allow verification of all costs incurred, including associated overheads. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time at the Participating TO offices and at its own expense, to audit the Participating TO's records as necessary and as appropriate in order to verify costs incurred by the Participating TO. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Participating TO representative, within one hundred eighty (180) Calendar Days following receipt by the Interconnection Customer of the Participating TO's notification of the final costs of the Optional Interconnection Study.
- 9.0 Pursuant to Section 10.1 of the LGIP, this Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6 of this Agreement are received by the _____ **["Participating TO" or "ISO"]**. If the _____ **["Participating TO" or "ISO"]** does not receive the fully executed Agreement and payment pursuant to Section 10.1 of the LGIP, then the offer reflected in this Agreement will expire and this Agreement will be of no effect.
- 10.0 Miscellaneous.
- 10.1 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Optional Interconnection Study Agreement, shall be resolved in accordance with Section 13.5 of the LGIP
- 10.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 10.3 Binding Effect. This Optional Interconnection Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 10.4 Conflicts. In the event of a conflict between the body of this Optional Interconnection Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Optional Interconnection Study Agreement shall prevail and be deemed the final intent of the Parties.

- 10.5 Rules of Interpretation. This Optional Interconnection Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Optional Interconnection Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Optional Interconnection Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Optional Interconnection Study Agreement or such Appendix to this Optional Interconnection Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Optional Interconnection Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 10.6 Entire Agreement. This Optional Interconnection Study Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Optional Interconnection Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Optional Interconnection Study Agreement.
- 10.7 No Third Party Beneficiaries. This Optional Interconnection Study Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the

obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

Any waivers at any time by any Party of its rights with respect to any default under this Optional Interconnection Study Agreement, or with respect to any other matter arising in connection with this Optional Interconnection Study Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Optional Interconnection Study Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Optional Interconnection Study Agreement shall not constitute or be deemed a waiver of such right.

- 10.9 Headings. The descriptive headings of the various Articles and Sections of this Optional Interconnection Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Optional Interconnection Study Agreement.
- 10.10 Multiple Counterparts. This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 10.11 Amendment. The Parties may by mutual agreement amend this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties.

- 10.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Optional Interconnection Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Optional Interconnection Study Agreement upon satisfaction of all applicable laws and regulations.
- 10.13 Reservation of Rights. The _____ [**“Participating TO” or “ISO”**] shall each have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC’s rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Optional Interconnection Study Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC’s rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 10.14 No Partnership. This Optional Interconnection Study Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 10.15 Assignment. This Optional Interconnection Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Optional Interconnection Study Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Optional Interconnection Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Optional Interconnection Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Unit, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of

any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Optional Interconnection Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of the Participating TO or “California Independent System Operator Corporation”]

By: _____

Title: _____

Date:

[Insert name of the Interconnection Customer]

By: _____

Title: _____

Date:

**Attachment A
Optional Interconnection
Study Agreement**

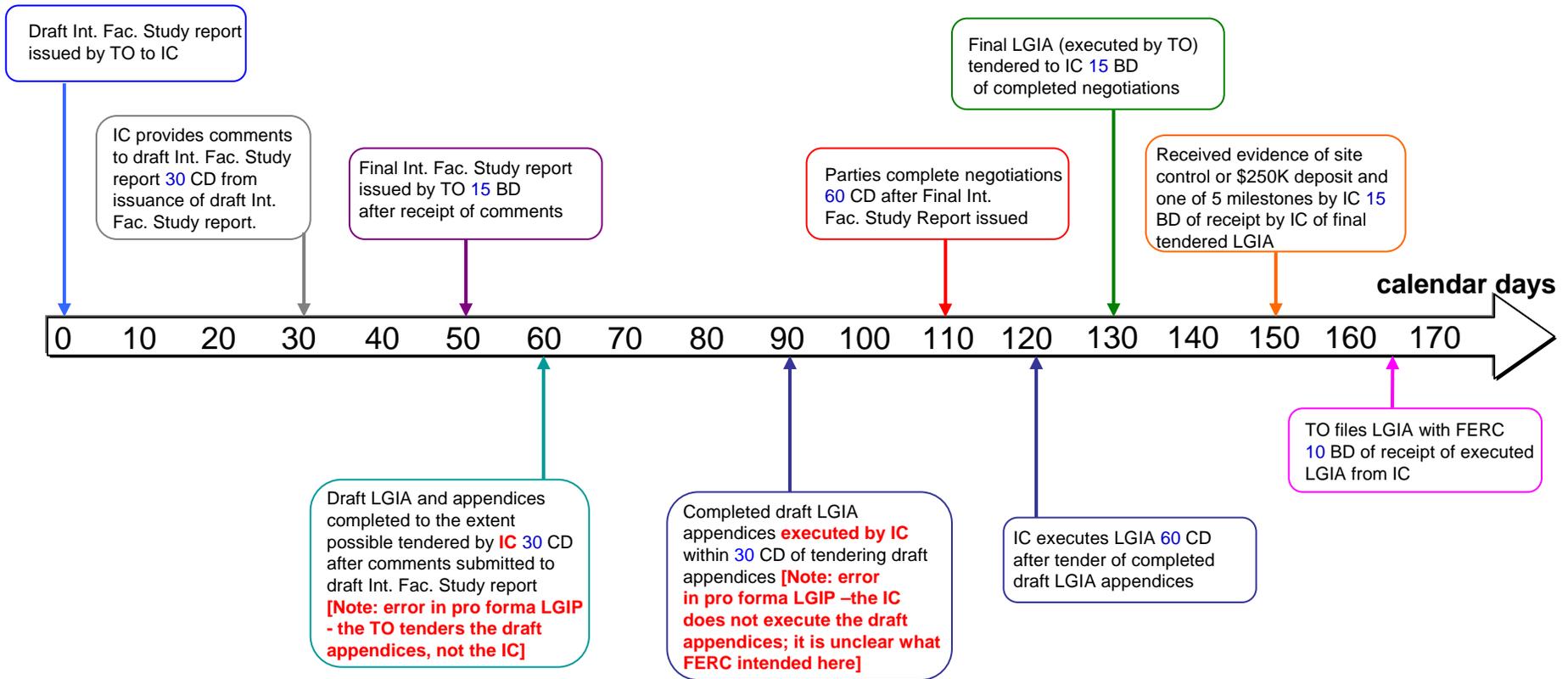
**ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY**

[To be completed by the Interconnection Customer consistent with Section 10
of the LGIP.]

ATTACHMENT L

Timeline for LGIA Process
 As Written in the LGIP pro-forma
 Example - Parties Take Maximum Allotted Time to Complete Milestones

Attachment L



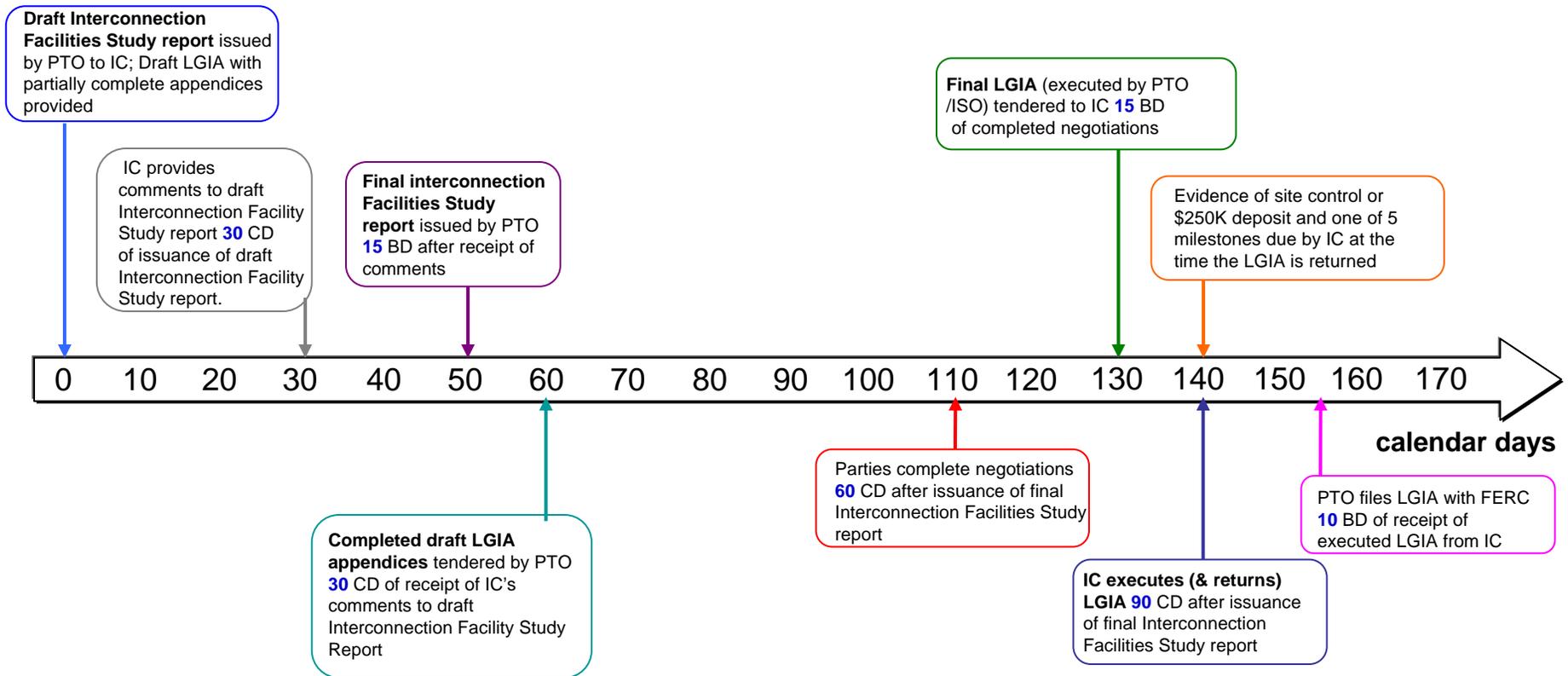
Comments for LGIP Timeline:

As indicated in the notes above, there are two inaccuracies in the pro forma LGIP language:

- (i) The Interconnection Customer does not tender the draft LGIA appendices as indicated, the Transmission Owner does
- (ii) The Interconnection Customer does not execute the draft LGIA appendices as indicated – it executes the final LGIA. It is unclear as to what FERC intended. Perhaps FERC meant this to be the period for the Interconnection Customer’s review of the draft LGIA and appendices; however, the Parties will be negotiating the draft LGIA and appendices during the entire 60-day negotiation period, so a separate IC review period is unnecessary. Furthermore, under this assumption, there could be instances as illustrated above where the Interconnection Customer’s deadline to execute the LGIA occurs prior to the deadline for the Transmission Owner to tender the final LGIA. Another possibility is that FERC meant that the Transmission Owner would tender draft LGIA and appendices that are more complete than those tendered within the 30 CD period after the Interconnection Customer submits its comments to the draft Interconnection Facilities Study report.

Timeline for LGIA Process

Proposed Alternative: Negotiation and Execution Deadlines Tied to Issuance of Final Facilities Study Report
 Example 1 – Parties Take Maximum Allotted Time to Complete Milestones



Comments for Proposed Alternative:

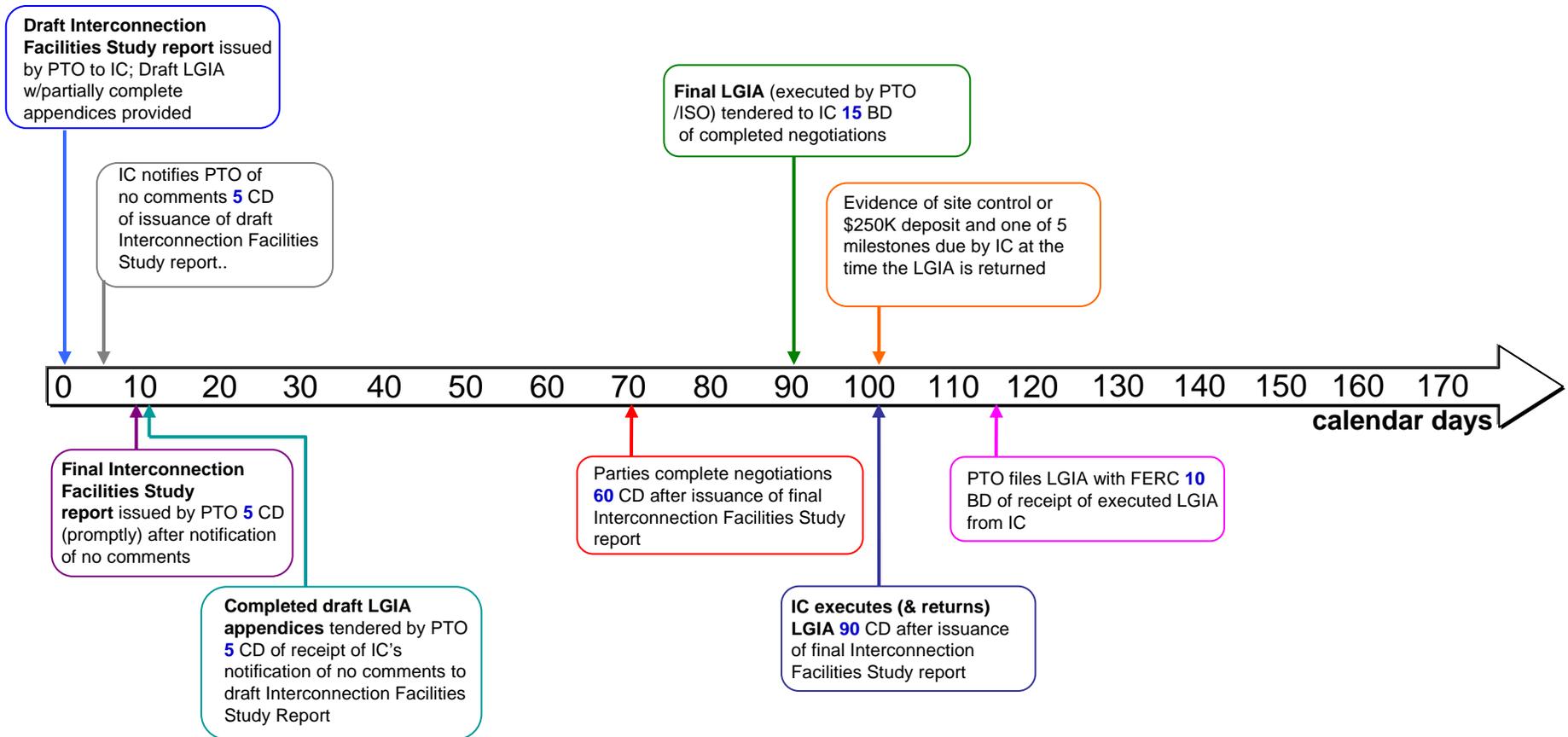
Under the Alternative, the deadlines to complete negotiations and for the Parties to execute the final LGIA are driven by the date the final Facilities Study report is issued by the PTO. The negotiations deadline is 60 CD after the issuance of the final Facilities Study report.

Comments for Example 1:

Under this example, the Parties have 50 CD to complete negotiations after the completed draft LGIA appendices are issued.

Timeline for LGIA Process

Proposed Alternative: Negotiation and Execution Deadlines Tied to Issuance of Final Facilities Study Report
 Example 2 – Customer Notifies PTO Promptly of No Comments to Draft Facilities Study, PTO Promptly Issues Final Facilities Study Report, PTO Promptly Tenders Completed Draft LGIA



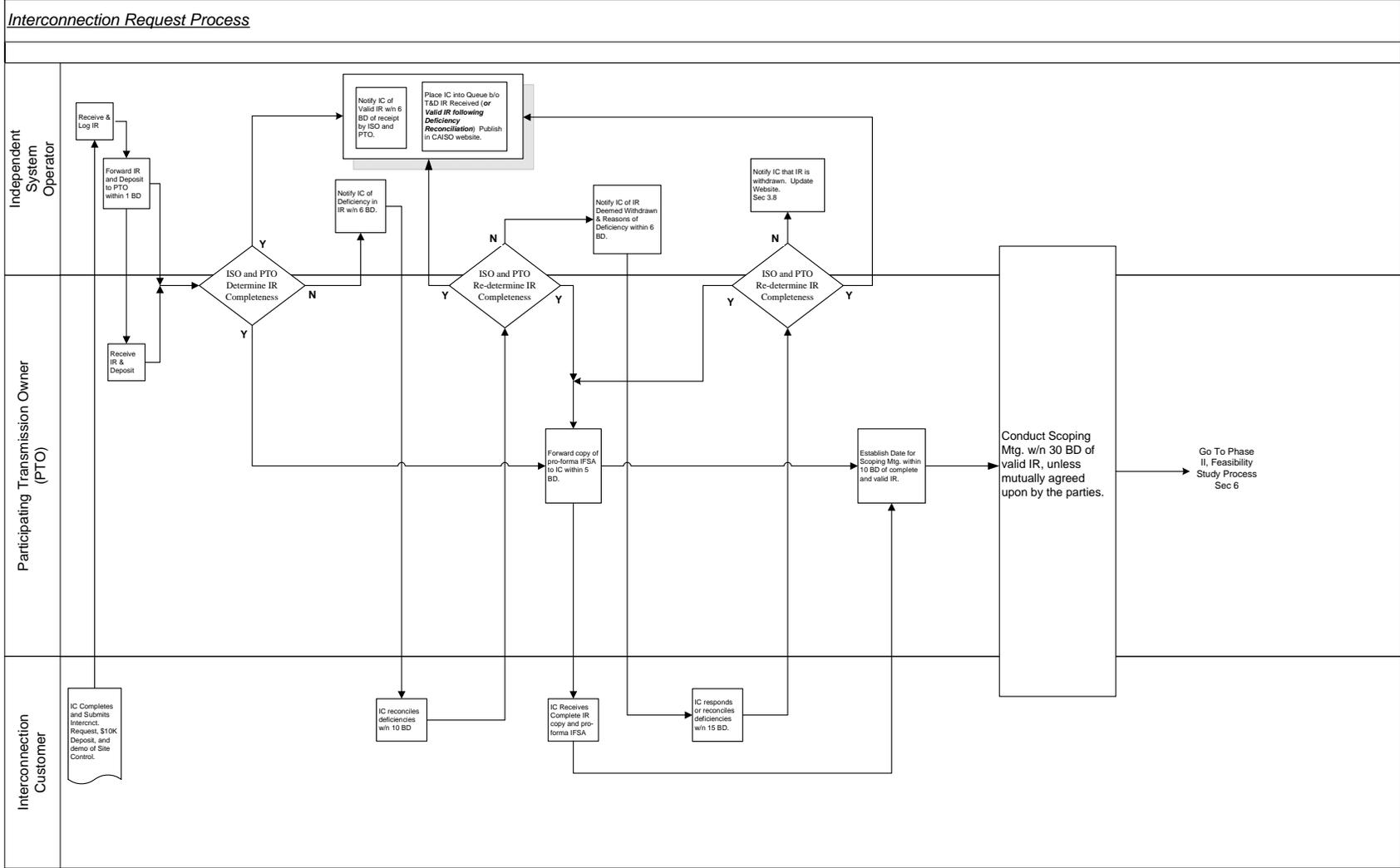
Comments for Proposed Alternative:

Under the Alternative, the deadlines to complete negotiations and for the Parties to execute the final LGIA are driven by the date the final Facilities Study report is issued by the PTO. The negotiations deadline is 60 CD after the issuance of the final Facilities Study report.

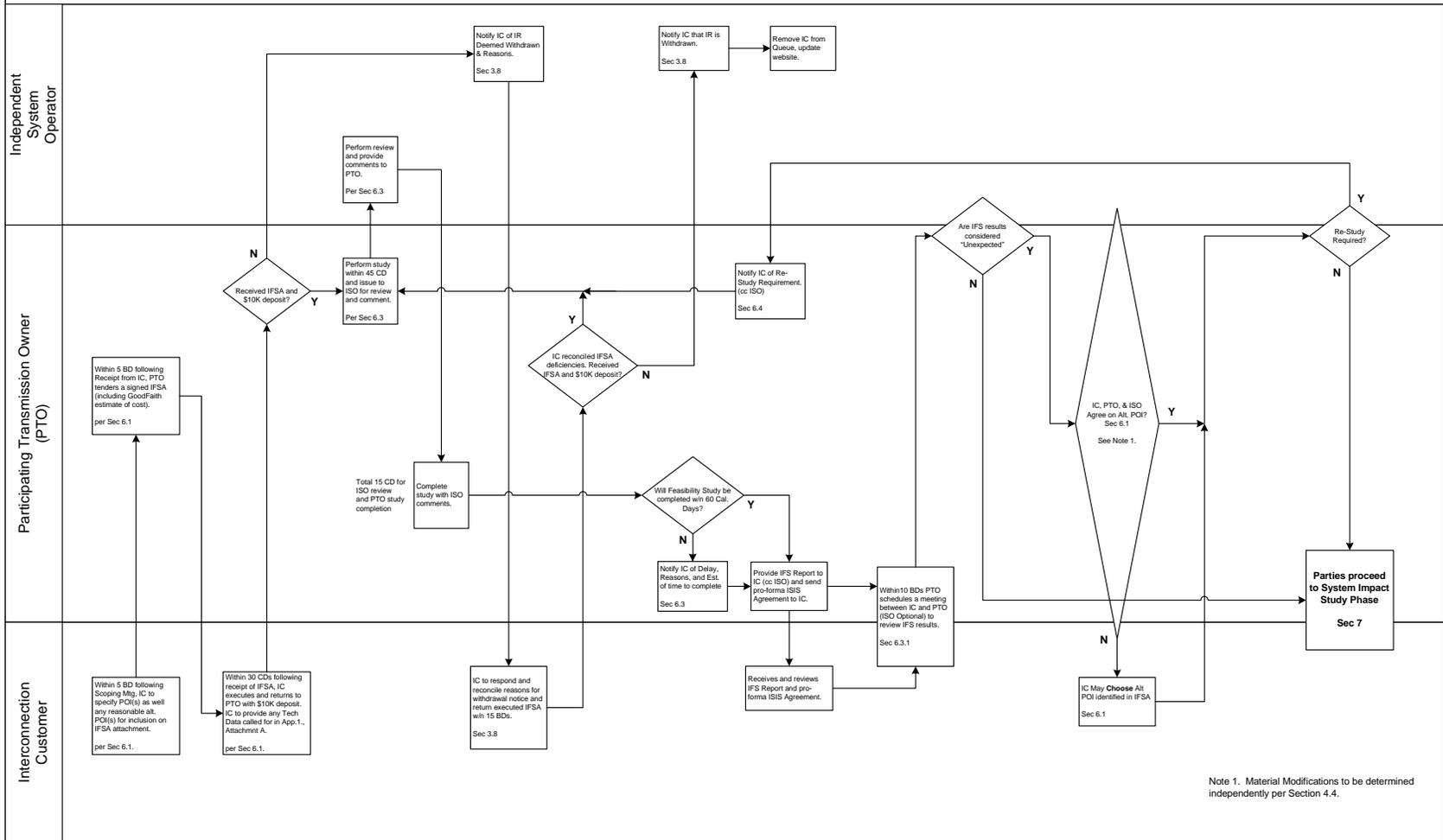
Comments for Example 2:

Under this example, the Parties have 60 CD to complete negotiations after the completed draft LGIA appendices are issued.

ATTACHMENT M

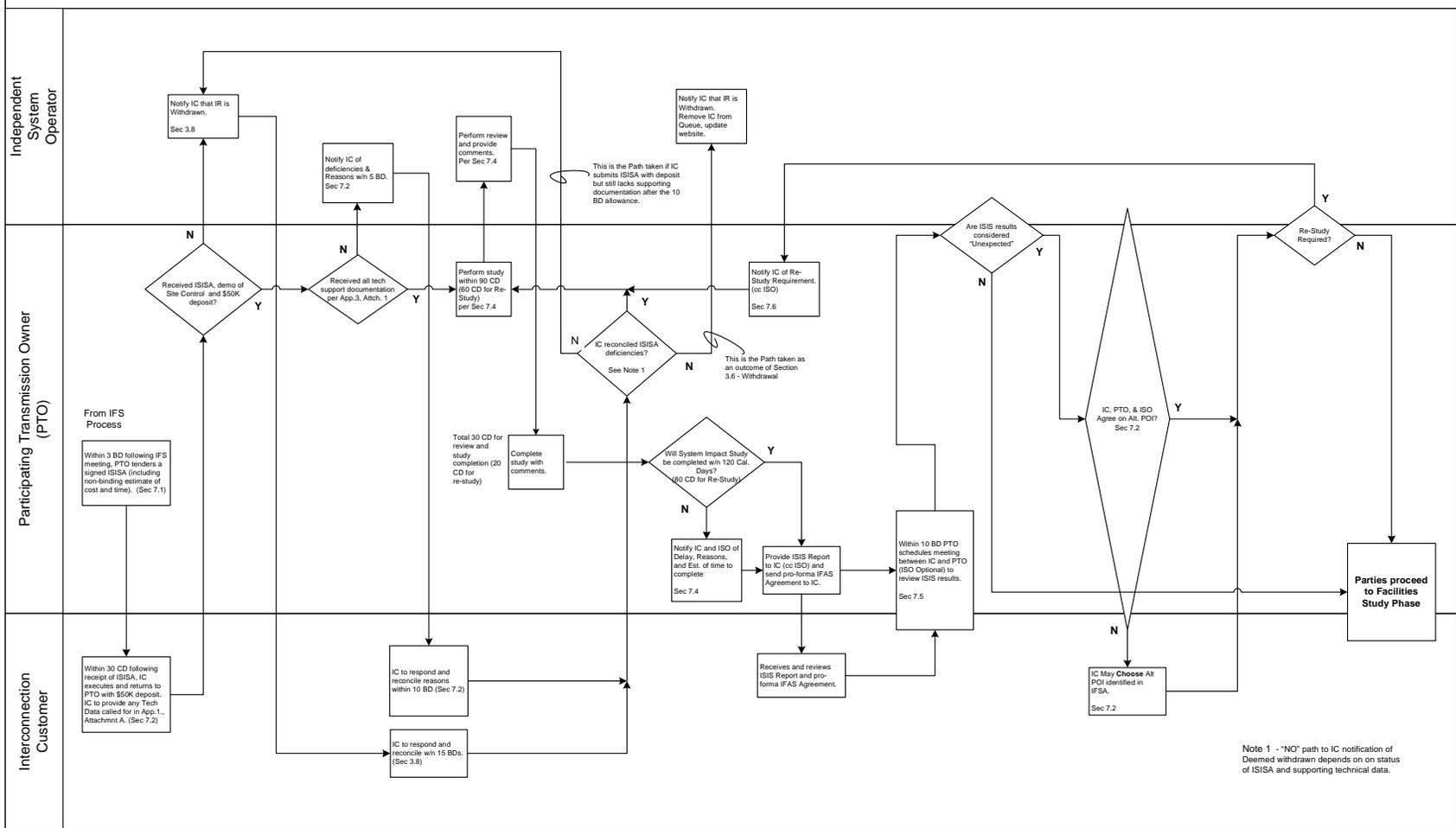


Interconnection Feasibility Study Process

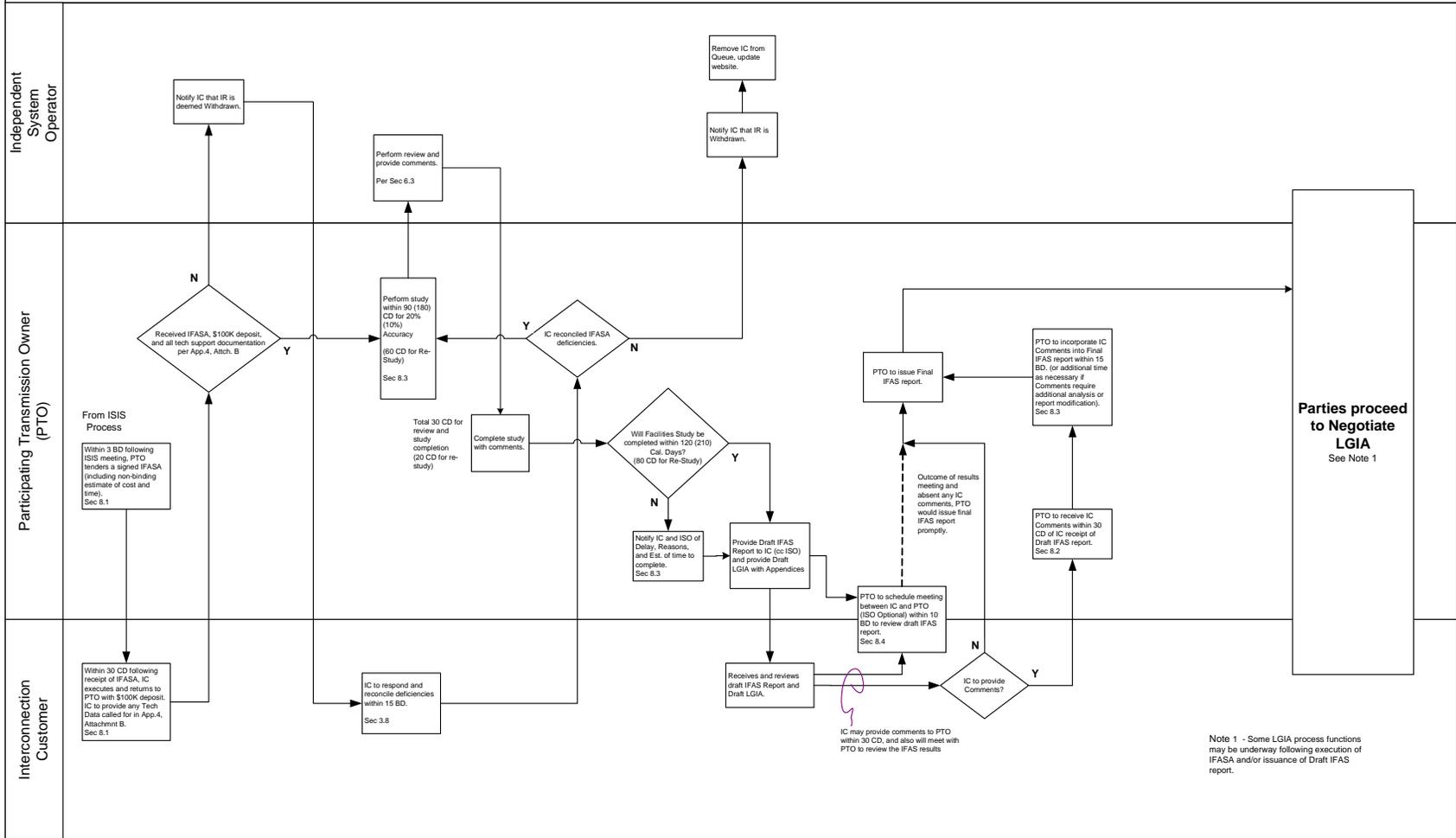


Note 1. Material Modifications to be determined independently per Section 4.4.

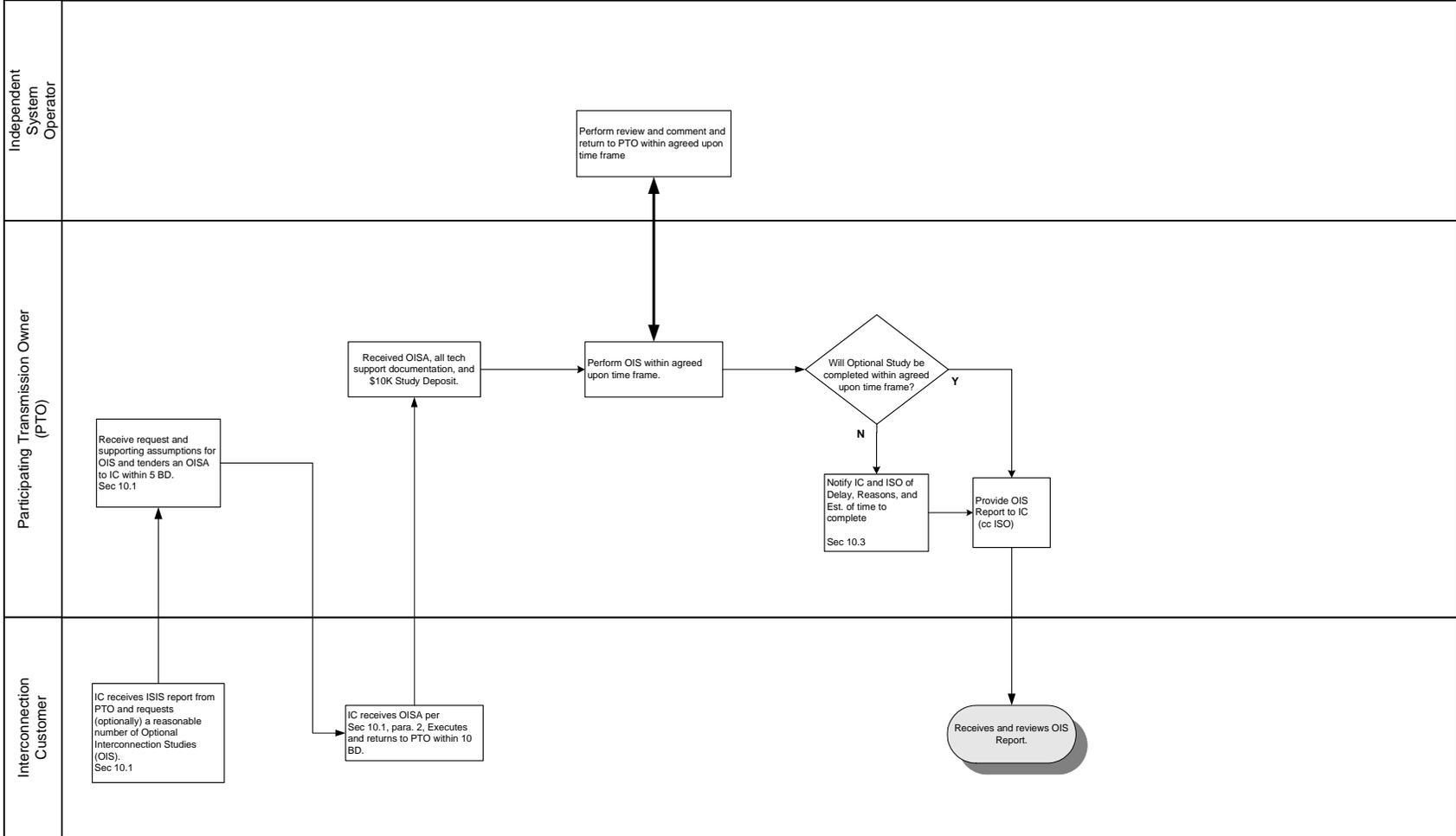
Interconnection System Impact Study



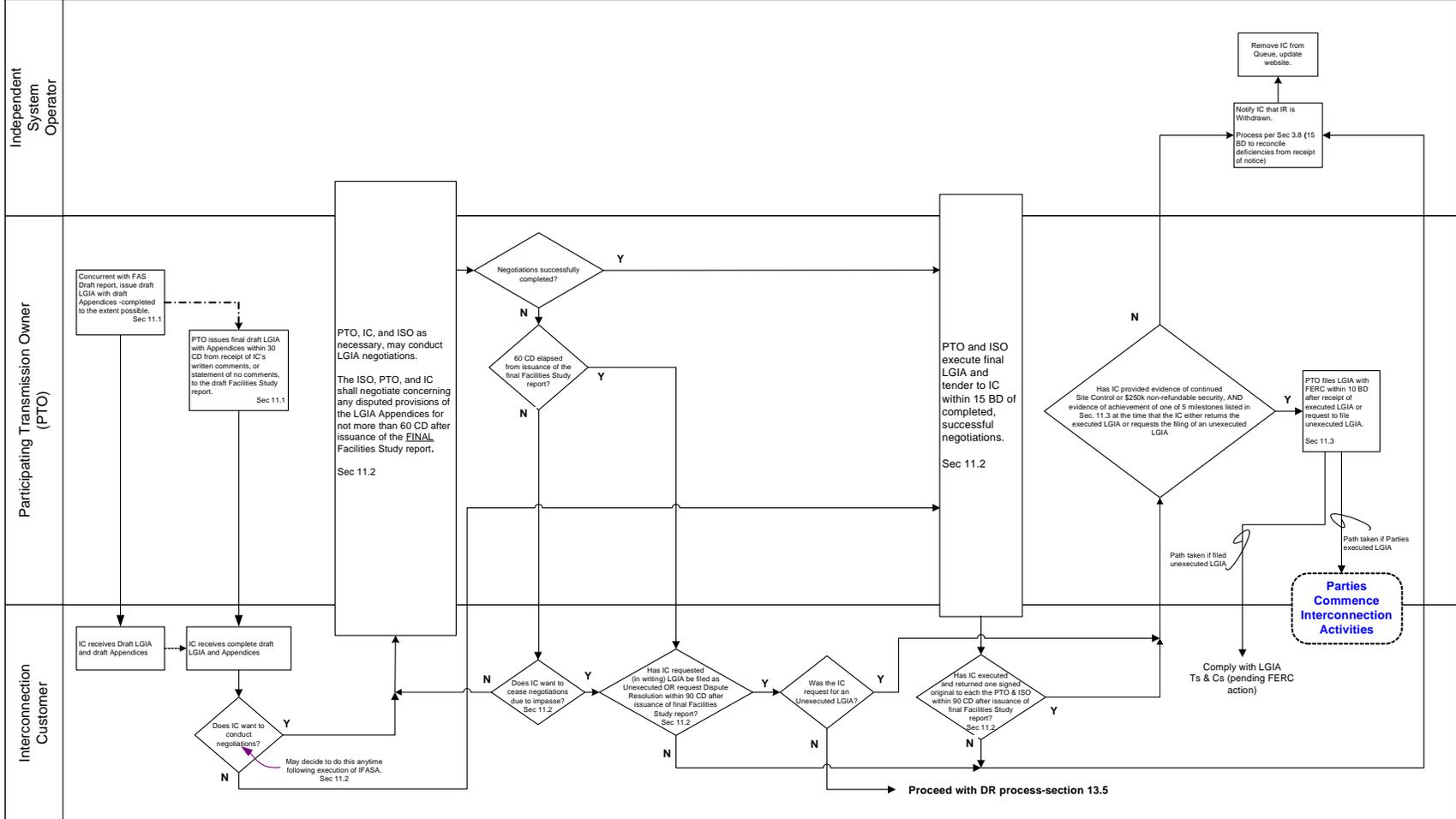
Interconnection Facilities Study



Optional Interconnection Study (LGIP Section 10.)



LGIA Process



ATTACHMENT N



Memorandum

To: ISO Board of Governors

From: Armie Perez, Director of Grid Planning
Steve Greenleaf, Director of Regulatory Policy
For the FERC Large Generator Interconnection Rule Team

CC: ISO Officers: Board Assistants

Date: November 25, 2003

Re: FERC Large Generator Interconnection Rule ("Order 2003") Proposal

This memo requires Board action.

Executive Summary

ISO management seeks authorization from the Board of Governors to prepare, and subsequently file, an appropriate Compliance Filing with the Federal Energy Regulatory Commission ("FERC"). In the filing the ISO will describe how it will use the flexibility granted by FERC in its Large Generator Interconnection Final Rule ("Order 2003") to implement interconnection policies and procedures that address the unique features of the California market.

On July 24, 2003, FERC issued Order 2003, which is the culmination of a two-year effort to reform and standardize interconnection procedures nationwide in order to establish consistent regional practices as well as to remedy discriminatory access to the grid. The order establishes procedures and agreements for interconnecting new generation greater than 20 MW to the transmission system, and a pricing policy for new interconnections. It affords ISOs and Regional Transmission Organizations significant discretion, under a newly established "independence" standard, to develop and propose procedures and policies that work for their respective regions. The ISO must file its Compliance Filing no later than January 20, 2004.

In summary, Management's proposed policy recommendations are that:

- 1) The ISO offer a generic interconnection service that would provide interconnection customers with the flexibility to "customize" the type of interconnection service they prefer, based on the amount of transmission upgrades they are willing to sponsor and fund. However, as a minimum threshold, all generators will be required to sponsor or fund any reliability-related transmission upgrade necessary as a result of their interconnection.
- 2) The ISO and Participating Transmission Owners follow the basic interconnection application and study process that FERC established in Order 2003. However, the ISO proposes some limited extension of the study process timeline to enable the ISO to provide oversight of the PTO interconnection studies.
- 3) The ISO propose that generators can elect to receive either "credits," as defined further below, or Firm Transmission Rights (i.e., as defined under the Market Design 2002 proposal, Congestion Revenue Rights) as compensation for initially funding or paying for the transmission upgrades related to their interconnection request.

- 4) As a necessary complement to the pricing policy outlined in (3) above, and consistent with the ISO's obligation to provide for the cost-effective and efficient expansion of the transmission system, the ISO conduct an economic analysis regarding the cost and benefits of the transmission upgrades associated with new requests by generators to interconnect to the grid.

and

- 5) The ISO propose and establish the "deliverability" test or standard, as detailed in the attachments to this memorandum, by which each interconnecting generator will be evaluated to determine if the output of such generator can be delivered to load on the system.

Management's recommendations are summarized further below and in **Attachment B** to this memorandum.

As previously discussed with the Board, there are critical interdependencies between these recommended policies and two parallel processes – resource adequacy and MD02 implementation. Certain aspects of the FERC rule are linked to, and work well with, clear resource adequacy rules. As the Board is aware, and as outlined in another Board memorandum, the California Public Utilities Commission ("CPUC") is on course to issue a final order regarding utility procurement rules on December 18, 2003. One element of that ruling is likely to be the "deliverability" issue outlined above. The rule is also likely to shape the future definition of "capacity" resources in the state. Once again, the definition of and rules regarding capacity resources will ultimately shape the type of interconnection service offered by the ISO.

As to the interrelationship with MD02 implementation, the ISO's proposed pricing policy for interconnection-related transmission upgrades, as summarized above, is tightly related to the ISO's ability to offer Firm Transmission Rights or Congestion Revenue Rights as compensation to generators that fund transmission upgrades. Under today's zonal market design, the ISO can only offer FTRs for new or upgrades to "Inter-Zonal" pathways (i.e., transmission paths between zones). Once MD02 is implemented, the ISO should be able to offer CRRs for practically all new or upgraded transmission lines.

These interrelationships have necessarily constrained or limited the policy options available to the ISO with regard to the FERC rule. Thus, the policy recommendations proposed herein will likely have to be revisited once these other matters have been resolved. Consistent with Management's previous commitment regarding the MD02 proposal, Management recommends that the Board commit to revisit this proposal once final procurement rules have been established and once FERC has issued a final order regarding MD02. Finally, while there are appealing arguments for not proposing any changes to the ISO's interconnection policy at this time and instead wait until both the procurement and MD02 proceedings are completed, Management does not recommend to do so. While the proposed policies may be interim in nature, they nonetheless serve to clarify and enhance the ISO's existing interconnection process.

Management recommends the following motion:

MOVED, that the ISO Board of Governors, authorizes the ISO management to prepare and subsequently file at the Federal Regulatory Commission by January 20, 2004 a Compliance Filing that incorporates and reflects the policy recommendations contained in the memorandum dated November 25, 2003, and the Attachment B thereto.

Background

On July 24, 2003, FERC issued Order 2003. The order is the culmination of a two-year effort to reform and standardize interconnection procedures nationwide in order to establish consistent regional practices as well as to remedy discriminatory access to the grid. Order 2003 establishes procedures for interconnecting new generation (greater than 20 MWs) to the transmission system. In addition to establishing detailed new procedures and interconnection agreements, the FERC rule establishes the pricing policy applicable to new interconnections. Finally, the FERC order affords ISOs/RTOs significant discretion, under a newly established "independence" standard, to develop and propose procedures and policies that work for their respective regions.

Order 2003 directed all jurisdictional public utilities to file conforming tariff language and *pro forma* procedures and the appropriate interconnection agreement by October 20, 2003 (60-days after publication of the rule in the Federal Register). Since publication of the rule, ISO staff has been engaged in discussions with the affected transmission owners as well as the CPUC to formulate a plan for responding to the rule and making the requisite Compliance Filing. To allow additional time to broaden the discussion to other market participants and prepare a responsive filing, the ISO, CPUC and affected Participating Transmission Owners asked FERC for an extension of time to file the Compliance Filing (an additional 90 days). On September 26, 2003, FERC granted that request and directed the ISO to file its Compliance Filing no later than January 20, 2004.

Order 2003 includes *pro forma* titled "Large Generator Interconnection Procedures" that detail the interconnection process to be followed from the time an interconnection request is received until the signing of an Interconnection Agreement. Such procedures include specific deadlines for completing the kinds of technical studies that determine the impact of the new generator upon the grid, and therefore the type and cost of equipment needed to upgrade the grid to accommodate the output of the new generator reliably.

In addition, Order 2003 also includes a *pro forma* Large Generator Interconnection Agreement. This agreement is the legal contract between the developer of a new power plant that is seeking interconnection and the "Transmission Provider." With respect to regions where there is an ISO/RTO, the order provides that such agreements be three-party arrangements between the new generator owner, the transmission owner and the ISO/RTO.

Finally, Order 2003 codifies FERC's policies with regard to the pricing of interconnection service or who pays the cost of the facilities necessary to interconnect the new generator to the grid. Order 2003 provides that generators are responsible for the cost of direct connection facilities (i.e., the facilities from the generator to the grid) and that, with respect to interconnection requests processed by "non-independent" transmission providers (i.e., transmission providers that are not an ISO/RTO), generators are responsible for initially funding the network transmission upgrades necessary to interconnect them to the system, but will receive a "credit" so that their money is refunded over five years. At the end of five years, the total cost of the network upgrades would be "rolled into" the transmission owners' revenue requirement.

Of particular importance to the ISO, Order 2003 also establishes a new "independence" standard that allows ISOs and RTOs significant discretion to fashion interconnection procedures and policies that work for their regions.

Stakeholder Process

As reported to the Board previously, ISO staff has been engaged in discussions with the PTOs, CPUC and stakeholders, with the objective to develop the FERC filing necessary to comply with FERC's Order 2003. The salient steps and elements of the stakeholder process were as follows:

- October 1 ISO published "White Paper" re Large Generation Interconnection Rule
- October 21 ISO hosted first stakeholder meeting

- October 28 ISO published preliminary ISO positions on Order 2003
- November 3/4 ISO published revised White Paper on Order 2003 and proposed Deliverability Test
- November 6 Stakeholders provided second round of comments
- November 12 ISO hosted second stakeholder meeting
- November 20 Stakeholders submitted final round of comments

Through the stakeholder process the ISO was able to vet with stakeholders each of the policy issues and recommendations outlined above.

Attachments A and C provide further information regarding stakeholder comments.

Interconnection Process

In June 2002, FERC approved Amendment 39 to the ISO tariff, which established the current ISO process for interconnecting new generating units to the ISO Controlled Grid, subject to the outcome of Order 2003. In general, the process and timelines for receiving and reviewing interconnection applications proposed in Order 2003 are consistent with the ISO's current practices under Amendment 39. Management of the interconnection request process (queue management) will remain the same, with the ISO managing one study queue for the entire ISO Controlled Grid.

The key changes to the interconnection process resulting from Order 2003 include:

- The addition of a Scoping Meeting early in the application process to get the parties together to share information and reach agreement on the points of interconnection to be included in the system studies.
- A formal process for conducting feasibility studies, where previously an interconnection request went directly to a system impact study. The new Interconnection Feasibility Study gauges early on whether it is practical to interconnect at a particular proposed point of interconnection.
- Interconnection study agreements and the interconnection agreement itself are now standardized *pro forma* across the ISO Control Area, where previously the agreements were PTO-specific. In addition, Order 2003 provides that in regions where an ISO is the transmission provider, the interconnection agreements should be three-party agreements between the generator, transmission owner and the ISO.

The ISO and PTOs are in general support of these changes. The ISO also believes that there is an additional benefit to being a party to the interconnection agreement that is not currently available in the current two-party arrangement between just the interconnection customer and the PTO.

Interconnection Service

Order 2003 proposes two forms of interconnection service, Network Resource Interconnection Service and Energy Resource Interconnection Service. Under this construct a new interconnection customer that requests interconnection can be studied and subsequently treated in the market as either (1) an "Energy Resource" where it is interconnected to the grid and uses existing space on the transmission system on an "as-available" basis; or (2) a "Network Resource" where the interconnection customer must be treated the same as native generation and fully integrated into the system. In Order 2003, an interconnection customer that requests to be treated as a Network Resource is required to fund delivery upgrades.

However, FERC's proposed interconnection service construct is not meaningful in the California market at the present time. The concept of a "Network Resource" or a capacity resource that is available and deliverable to all load on the system works well in a market with clear capacity market or obligation rules, such as those in place in

many of the eastern markets. However, as the Board is aware, California is only now in the process of developing such rules; the rules likely to be developed as a result of the CPUC's procurement proceeding.

Therefore, in its Compliance Filing the ISO proposes to define and establish a *generic* interconnection service under which interconnection customers can elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor. Under the ISO's proposed generic interconnection service, one base level of interconnection service would be offered that would assure reliable interconnection, and generators could then elect a higher quality of service by paying for certain transmission upgrades. Deliverability of the plant's output to the ISO grid could be assured for a specific set of system conditions by sponsoring additional transmission upgrades. The ISO will offer this generic interconnection service until the broader rules pertaining to resource adequacy (i.e., capacity obligations) have been defined. Once defined and once FERC issues an order on MD02, Management recommends that the ISO revisit this issue.

Interconnection Studies and Proposed Deliverability Test

Under the ISO proposal, interconnection studies will be conducted as they presently are, with the addition of the new Scoping Meeting and Interconnection Feasibility Study discussed above. However, there are some important differences, discussed below.

- The ISO has added additional time in the study process beyond what FERC provided in Order 2003 for the ISO to provide review and comment on the studies.
- More comprehensive information on each interconnection request will be posted on the ISO web site.
- The ISO proposes that a new Deliverability Test be included in the system studies process to help identify the transmission facilities that are needed to get the full output of a new resource to load under peak system conditions. By identifying needed delivery-related facilities, which is something that is not done now, market participants will be provided useful information to assess the deliverability of new resources to the grid. Specifically, the Deliverability Test will define a generic deliverability benchmark to assess the deliverability risk for a given proposed new resource. It will be modeled after the methodology already approved by FERC and currently used by PJM. It will be performed under a peak load and resource adequacy perspective to determine if, with the interconnection customer's generating resource operating at full output, the aggregate of generation can be delivered to the aggregate of the ISO Control Area load. It would objectively identify the incremental impacts on the grid of a new interconnection customer's proposed generating resource.

Payment/Pricing Policy

Under the ISO's proposal, interconnection customers would be required to fund the Interconnection Facilities needed to physically interconnect the facility to the point of interconnection with the grid. This represents no change from current practice. The cost of these "exclusive use" facilities would continue to be the sole responsibility of the interconnection customer and would not be reimbursed.

With respect to Network Upgrades (i.e., those transmission upgrades beyond the point of interconnection to the grid, be they Reliability Network Upgrades or Delivery Network Upgrades) the ISO proposes that Interconnection customers initially fund these upgrades, and then elect to receive either (1) transmission credits over a five-year period (i.e., reimbursement for the costs of the upgrades plus interest); or (2) applicable property rights (FTRs at present, or, in the future, CRRs) as compensation for funding/paying for the upgrades. If the interconnection customer does not elect to fund such facilities, the PTO could build such facilities. In fact, the ISO proposes to specifically provide that in instances where a new generator elects not to fund upgrades, the ISO may direct the applicable PTO to do so under its existing authority in the ISO Tariff.

On a long-term basis, the ISO envisions transitioning to a policy wherein generators receive *only* FTRs/CRRs as compensation for funding/paying for transmission upgrades. (However, the ISO may still provide credits for funding upgrades with which no FTRs or CRRs are associated). By linking the reimbursement of network upgrades solely with the value of the property rights (i.e., FTRs/CRRs) that are created, generators will be more sensitive to the costs of the upgrades, the impact on the grid, and the benefits of the associated property rights.

In the interim, however, the ISO believes the proposed crediting policy is clear, fair and may reduce barriers to building new generation. In the current pre-MD02 environment, the ISO is not able to offer FTRs with measurable value within transmission zones (i.e., for Intra-Zonal transmission facilities) so the ISO agrees with many stakeholders that the crediting policy is the best way for now to compensate developers for transmission grid improvements that benefit everyone. Moreover, while not completely eliminating cost-responsibility based barriers to entry, the crediting policy should ameliorate a developer's perceived risk of having to pay for necessary but expensive transmission upgrades on the system. ISO management recommends that the ISO revisit this policy once MD02 is implemented and viable financial property rights (CRRs) are available.

Economic Test

Management proposes to perform an Economic Test of transmission upgrades costing more than \$20 million, or another appropriate threshold, to determine the extent of the benefits resulting from the transmission upgrade, and use that amount as a de facto cap on the level of credits that could be offered to the interconnection customer for upgrades to the grid. In instances where the costs of the upgrade exceed this cap, if the interconnection customer funded the full amount of the upgrades, the interconnection customer will receive, if applicable, the associated property rights.

The reason for this cost-benefit test is to guard against egregiously expensive projects, especially since the generator would recover the full cost of network upgrades within five years regardless of the location of the plant or the availability of other sites that might require less expensive upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers are not paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new generation, and its application would be limited to large projects beyond a certain threshold level (e.g., \$20 million.)

Reliability and Deliverability Upgrades Distinction

Amendment 39 established the concept of Reliability Upgrades and Deliverability Upgrades to distinguish between the upgrades that are necessary to (1) interconnect a new facility safely and reliably to the ISO Controlled Grid that would not have been necessary but for the new facility (i.e., Reliability Upgrades); and (2) relieve constraints on the ISO Controlled Grid to ensure the delivery of energy from a new facility to load (i.e., Delivery Upgrades).

In Order 2003, FERC proposes that a single "Network Interconnection Service" be offered. The ISO proposes to retain the current Amendment 39 distinction in ISO markets between reliability and network upgrades, because parties need to know what facilities are required to interconnect a resource to the grid and what is optional to assure delivery of the full output of the resource. The ISO will propose in its filing that the terms "Reliability Network Upgrades" and "Delivery Network Upgrades" be used to clearly distinguish between these two types of network upgrades.

Summary and Recommendation

The above outlined policy recommendations are the product of close collaboration between the ISO and affected PTOs as well as the result of the focused stakeholder process outlined above. The proposed policies are practical, workable and represent a step forward in establishing efficient market rules. Management requests that the Board approve the following motion:

MOVED, that the ISO Board of Governors, authorizes the ISO management to prepare and subsequently file at the Federal Regulatory Commission by January 20, 2004 a Compliance Filing that incorporates and reflects the policy recommendations contained in the memorandum dated November 25, 2003, and the Attachment B thereto.

FERC Large Generator Interconnection Rule
- Pricing and Service Issues -

Purpose: The purpose of this paper is to summarize key aspects of the pricing and service provisions of FERC's Final Rule regarding large generator (>20 MW) interconnections. In addition, the paper summarizes the key pricing and service provisions of the ISO's current interconnection procedures, as established in Amendment No. 39 to the ISO Tariff. In the end, the purpose of this paper is to identify certain of the key pricing and service policy issues regarding interconnection service and to solicit feedback from Market Participants. Finally, the views expressed in this paper are preliminary and are intended to facilitate discussion of the issues. They do not reflect a formal or final position of the ISO on these matters.

I. Assumptions

The following assumptions were made for purposes of developing this "White Paper":

1. The ISO and PTOs will start with the *pro forma* interconnection procedures and agreement adopted by FERC in the final rule when developing their compliance filings;
2. The ISO as an independent transmission provider has the flexibility granted by FERC to develop interconnection policies in a manner that work best for California;
3. The distinction between "Reliability Upgrades" and "Delivery Upgrades" as originally defined in Amendment No. 39 to the ISO tariff, will be retained for purposes of developing the new interconnection procedures.
4. Consistent with FERC's finding that Interconnection Service is distinct from Transmission Service (Final Rule ¶¶ 756, 757), for purposes of the ISO's Day-Ahead Scheduling and Congestion Management practices, all generating resources will be treated the same, subject to any operating constraint agreed to by the resource owner and the ISO as part of the interconnection process.

Feedback Requested: Please provide the ISO feedback regarding the assumptions identified above. In particular, the ISO requests feedback regarding the distinction between Interconnection service and Transmission service, and the assumption that all resources should be treated comparably for purposes of the ISO's Scheduling and Congestion Management protocols.

Stakeholder Comments

Calpine agrees with Assumption 1 and 2 but recognizes that some deviation from *pro forma* language may be unavoidable. Calpine emphasizes that

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deviations should be approached with “utmost trepidation” to avoid magnifying seams issues and losing the potential benefits to be gained from standardization.

Calpine suggests the definitions in Assumption 3, as well as other tariff terms, should be discussed as part of the underlying pricing and service issues.

Calpine suggests Assumption 4 is inappropriate as a starting assumption because there currently are no Network Resources that can be treated distinctly within the ISO’s Transmission Service.

Calpine suggests three additional Assumptions:

- Departures from FERC’s current transmission credit-back policy are permitted only when an ISO/RTO determines the cost causation of the network upgrades (Final Rule ¶ 677.)
- No “and” pricing is permitted (Final Rule ¶ 700.)
- The legal and contractual rights of existing generators, including QF must-take generation, will be honored.

Coral disagrees that the ISO has flexibility as an independent entity.

Coral seeks to abolish the distinction between Reliability Upgrades and Deliverability Upgrades in Assumption 3.

Regarding Assumption 1, **Mirant** comments that any variation from the Final Order merits close scrutiny. Mirant supports the Final Rule as written but is willing to consider appropriate variations.

Mirant accepts the four Assumptions but suggests a more explicit match between ISO terms and FERC terms, specifically that “Reliability Upgrades” are required for “Energy Resource Service” and “Deliverability Upgrades” are necessary for “Network Resource Service.”

PG&E urges considerable flexibility in the adoption of pricing and service provisions and urges the ISO to recognize the state’s transition to a redesigned framework.

SCE supports Assumptions 1, 2, and 3. Regarding Assumption 4, SCE notes that RMR generators and hydro units already are treated differently from other generators. SCE recommends changing the language in a way that emphasizes the distinction between interconnection service and transmission service.

Preliminary ISO Response

The ISO’s flexibility as an “independent entity” will be critical to the development of a Compliance Filing that meets FERC objectives. This flexibility is needed

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because the ISO – working with stakeholders -- is trying to fit this new “standardized” interconnection policy into California’s unique situation, which currently includes the absence of a resource adequacy requirement, the absence of a way for valuing resource capacity, and the uncertainty of the specific value of FTRs in an evolving market design.

Many of the key features of Order 2003 assume and rely upon a resource capacity requirement or a functioning capacity market from which Generators can receive value for their investments. For example, several stakeholders point out that the value of Network Resource Interconnection Service is limited in the current paradigm. The ISO readily agrees it cannot demonstrate the benefits of “Network” service until a state resource adequacy requirement is established. The ISO expects that California’s resource adequacy requirements may significantly alter the value of “Network” interconnection service, and therefore has proposed an interconnection service that permits a variety of upgrades with their associated benefits.

Clearly, the ISO and stakeholders should expect review and improvements in this interconnection service as circumstances change. Thus, while the ISO seeks to implement by the January 20, 2004, deadline the most workable interconnection policy under the current circumstances, the ISO emphasizes that specific features of this Compliance Filing will subsequently evolve as significant changes are made in the procurement requirements of the state.

The ISO reiterates its intention to use the FERC *pro forma* procedures and agreement as the starting point for its Compliance Filing, but suggests that some differences are inevitable and necessary. For example, the ISO and Transmission Owners are working diligently to clarify specific roles and responsibilities for the “Transmission Provider,” a term that is frequently cited in the *pro forma* LGIA and LGIP. These *pro forma* documents are the starting point for the Compliance Filing, but some specificity is needed to determine the execution of duties required by the “Transmission Provider” as they apply to the ISO and transmission owners in California.

At this time the ISO intends to keep the distinction between “Reliability” and “Delivery” upgrades because it helps frame the range of options available within the generic interconnection service being proposed by the ISO (see Appendix A.) To be specific, “Reliability” upgrades would be the minimum investment (beyond the first point of interconnection) needed to interconnect safely and reliably to the ISO Controlled Grid. “Delivery” upgrades would consist of a range of upgrades (beyond the first point of interconnection) that could meet, in whole or in part, a deliverability test. Further, the ISO intends to propose refinements to these definitions to clarify that both “Reliability” and “Delivery” upgrades are Network upgrades (as FERC as defined) -- and thus both would be eligible for crediting paybacks to the generator under the ISO’s Preliminary Position, as described in Appendix A.

II. Definitions

The following definitions were taken directly and without modification from the FERC Order 2003 and the ISO Tariff.

FERC Final Rule

Interconnection Facilities – Transmission Provider’s Interconnection and the Interconnection Customer’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, addition, upgrades that are necessary to physically and electrically interconnect the Generating facility to the Transmission Provider’s Transmission System. These Interconnection Facilities and/or equipment include both those owned by the Transmission Provider or the Interconnecting generators. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades (Final Rule Appendix C at p.6).¹

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider’s System required at or beyond the point at which the Interconnection Customer interconnects to the Transmission Provider’s Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider’s Transmission System (Final Rule Appendix C at p.9).

Stand Alone Network Upgrades - Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement (Final Rule Appendix C at p.11).

Amendment No. 39

Direct Assignment Facilities – The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the ISO Controlled Grid at the point of interconnection (ISO Tariff, Appendix A Master Definitions Supplement).

Reliability Upgrade – The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility Operator to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities

¹ The ISO’s use of this definition of Interconnection Facilities is not intended to assume or recommend a definition or description of Interconnection Facilities that could be used for or against any party, which is litigating in pending FERC proceedings whether or not certain facilities are Interconnection Facilities.

necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating (ISO Tariff, Appendix A Master Definitions Supplement).

Delivery Upgrade – The Transmission Facilities, other than Direct Assignment facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled grid and to ensure the delivery of energy from a New Facility to Load (ISO Tariff, Appendix A Master Definitions Supplement)

III. Summary of Pricing Provisions

FERC Rule & Amendment No. 39

The cost responsibilities for Generators under FERC's Final Rule fall into two broad categories: Interconnection Facilities and Network Upgrades. Under the FERC rule, Generators will be responsible for the cost of all Interconnection Facilities. This requirement is consistent with the ISO's current rules regarding the treatment and obligation to pay for Direct Assignment Facilities (as defined above). (¶ 676, 693)

With respect to Network Upgrades, the FERC rule essentially establishes a paradigm where all Network Upgrades (as defined above) are initially funded by the interconnecting customer (unless the Transmission Provider elects to fund them), but the costs of such upgrades funded by the generator are then either credited back to the customer over a five-year period or the customer is provided the property rights associated with the upgrades. The FERC Rule does not specify whether the Interconnection Customer is afforded the option of electing either credits or FTRs/CRRs, or whether each Transmission Provider or ISO/RTO can select an option (¶ 694-703).

Specifically, the FERC rule establishes two different pricing rules, one for "non-independent" Transmission Providers and one for "independent" Transmission Providers (ISOs/RTOs). For non-independent Transmission Providers, FERC essentially formalizes the "crediting" requirement proposed in the NOPR and previously required of individual Transmission Providers in separate cases (see PG&E's *Los Madanos* case and Edison's *Wildflower* case). Under such a requirement, while Transmission Providers can require a customer to initially fund a Network Upgrade, the Transmission Provider must pay the customer back, within a five-year period, by establishing a credit to the customer's transmission charges. Regardless of the level of transmission charges over that five-year period, the customer must be repaid in full by the end of five years. The crediting requirement and mechanism is not effective until the new generator reaches "Commercial Operation" (see generally ¶ 720-735).

In the Final Rule, FERC stated that independent Transmission Providers will be afforded a great deal of discretion in fashioning pricing proposals for their regions. FERC stated that in regions such as PJM, NY and NE with bid-based congestion management mechanisms and LMP, they would continue to support pricing proposals that would require generators to pay for "but for" Network

Upgrades (i.e., upgrades that would not be necessary “but for” the interconnection of the customer) in exchange for giving the customer the FTRs (or applicable financial hedging instrument) associated with the necessary upgrade (see generally ¶¶ 26, 28, 822-827)).

In contrast, under the ISO’s existing Amendment No. 39 procedures, new generators interconnecting to the system may be required to pay (i.e., fund and *not* receive a credit) for Reliability Upgrades (as defined above) required in order to interconnect them to the system. The only exception to this requirement provided for under the current rules is in the case where the Reliability Upgrades identified as part of the interconnecting customer’s request are already included in the ISO/Transmission Owner’s annual expansion plan. In addition, should the interconnecting customer voluntarily agree to pay for Delivery Upgrades (as defined above) in order to deliver its full output to load under a specified set of system conditions, Amendment No. 39 does not provide that the customer should receive any kind of “credit” for such upgrades (although the ISO Tariff does provide that, if appropriate, the customer could receive the FTRs associated with the upgrade). However, notwithstanding FERC’s acceptance of these pricing provisions in Amendment No. 39 – subject to the outcome of the rulemaking proceeding – as noted above, FERC separately required Transmission Owners to establish “crediting” mechanisms under their stand-alone Interconnection Agreements with specific generators.

Feedback Requested: Please provide the ISO feedback regarding the summary and conclusions of the Final Rule. In particular, the ISO requests feedback regarding FERC’s stated pricing policies regarding Network Upgrades, especially as they relate to the ISO’s existing pricing policy for upgrades as codified in Amendment No. 39 to the ISO Tariff, as filed. In addition, and as further detailed below, the ISO requests feedback from Market Participants regarding the need for both an interim pricing policy (for the period prior to implementation of the ISO’s Market Design 2002 proposal and prior to the establishment of more formal resource adequacy rules in California) and a long-term policy.

Stakeholder Comments

Calpine suggests the Final Rule does not establish two different pricing rules for independent and non-independent Transmission Providers. Rather, Calpine argues the Final Rule outlines two standards of review that FERC will use to evaluate deviations from the *pro forma* policies and agreements.

Calpine suggests that, since non-independent Transmission Owners perform the technical studies that determine Network Upgrade costs, California should adhere to FERC’s policy that Interconnection Customers be awarded transmission credits for network upgrades.

Calpine prefers consistency in market rules, and suggests that tariff changes should be implemented once even if this requires some initial delay in Final Rule implementation.

Coral argues the ISO must discard Amendment 39 procedures and policies and adopt the Final Rule that requires all upgrades beyond the first point of interconnection to be considered network upgrades.

Coral argues there should be no distinction between an interim and a long-term pricing policy.

Mirant supports the five-year crediting policy. Offering FTRs/CRRs as an alternative is reasonable, so long as the funder can choose either option and not be forced to accept financial instruments which may lose value as the congestion is eliminated.

Mirant cannot initially understand why separate interim and long-term policies are needed, but is interesting in hearing arguments for this structure.

PG&E generally urges the ISO to adopting pricing policies that give incentive to generators to find locations that reduce the cost of interconnection upgrades.

SCE supports current provisions holding generators responsible for the costs of sole-use facilities. SCE suggests the White Paper should clarify that the CAISO Tariff does not provide for transmission credits to generators that fund Reliability Upgrades, but that generators receive credits (with interest) because of PG&E's *Los Medanos* and SCE's *Wildflower* cases.

Preliminary ISO Response

The ISO initially proposes a five-year crediting policy that is consistent with the Final Rule, whereby Generators can choose either transmission credits or property rights equivalent to the network upgrades that are constructed. This cost recovery method would apply to all network upgrades at or beyond the point of interconnection, including both "Reliability" upgrades and "Delivery" upgrades.

The ISO clarifies this policy would not extend to sole-use facilities or Direct Assignment Facilities.

The ISO believes this crediting policy is clear, fair and provides appropriate incentives for building new generation at this time. When LMP is fully implemented and the ISO is able to offer FTRs with measurable value throughout the state, the ISO expects to review this crediting policy (with full stakeholder participation) to make sure consumers are well-served and that locational price signals are not muted by this credit back policy.

IV. Definition of Interconnection Service

FERC's Final Rule regarding generator interconnections requires that Transmission Providers offer two forms of Interconnection Service. These services are defined below. It is important to note that the FERC rule clearly states that with respect to both services neither service conveys a right to *transmission* service. Thus, under FERC's rule, while a generator can request interconnection to the Transmission Provider's grid, such a request does not

constitute a request for transmission service and that such transmission service must be separately requested and provided pursuant to the terms of the Transmission Provider's Open Access Tariff. (§§752, 767, 769)

Network Resource (NR) Interconnection Service

FERC defines NR Interconnection Service as follows:

Network Resource Interconnection Service – *An Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating Facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.*

(Final Rule Appendix C at p. 9)

FERC characterizes NR Interconnection Service as “a more flexible and comprehensive interconnection service.” FERC states that NR Interconnection Service would require that the Transmission Provider integrate the Generating Facility into the system on a comparable basis to other Network Resources so that, at full output, the aggregate of generation in the local area can be delivered to the aggregate of load, consistent with the Transmission Provider's reliability criteria and procedures. FERC states that under this approach, the Transmission Provider would assume that some portion of the capacity of existing Network resources is displaced by the output of the new Generating Facility. Thus, for purposes of developing its compliance filing, the ISO will develop the applicable criteria and parameters for evaluating and assessing requests for NR Interconnection Service (§§ 768, 784).

Energy Resource Interconnection Service

FERC defines ER Interconnection Service as follows:

Energy Resource Interconnection Resource – *An Interconnection Service that allows the Interconnection Customer to connect its Generating facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or non-firm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.*

(Final Rule Appendix C at p. 4)

FERC characterizes ER Interconnection Service as “a basic or minimal interconnection service”. FERC states that in area with bid-based energy market (e.g., ISO New England, NYISO, or PJM), ER Interconnection Service would allow the Interconnection Customer to place a bid to sell into the market and the Generating facility would be dispatched if the bid is accepted. FERC

states that in all other areas, no transmission service would be assured, but the Interconnection Customer may obtain transmission service pursuant to the Transmission Provider's Tariff. (§ 753)

Basis for Requiring Different Interconnection Services

Based on comments received during the NOPR process, FERC concluded that two different forms of Interconnection Service should be provided under the Final Rule. While FERC initially proposed to require only one form of Interconnection Service, a number of participants argued that FERC should require two different levels or quality of service, based on the customer's needs. The two qualities of service are differentiated in the interconnection studies by the standards for deliverability, and the likelihood that the higher level of service will not require the interconnecting generator to be curtailed for a specified set of peak system conditions. As noted, ER do not have to be deliverable for the same set of specified system conditions and thus are not required to pay for deliverability upgrades that the Transmission Owner may identify in its interconnection studies. NR, in contrast, are likely to be more deliverable since, in studying the interconnection, the transmission provider would consider "the transmission system at peak load, under severely stressed conditions, to determine whether, with the Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate load..." (FERC § 755). In short, FERC establishes levels of service quality and appears to differentiate the interconnection services by its ability to service load under a specified set of stressed system conditions.

To that point FERC states that, "...the study for Network Resource Interconnection Service identifies the Network Upgrades that are needed to allow the Generating facility to contribute to meeting the overall *capacity* needs of the Control Area or *planning* region..." [emphasis added]. In addition, FERC states that, "The study then identifies the Network Upgrades that would be required to allow the Generating Facility *to be counted toward system capacity needs* in the same manner as the displaced resources." (§ 784)

Study Requirements for the Different Services

FERC states that the Interconnection Studies to be performed for ER Interconnection Service would identify the Interconnection Facilities required as well as the Network Upgrades needed to allow the proposed Generating Facility to operate at full output for a specified set of system conditions. In addition, the Interconnection Studies would identify the maximum allowed output of the Generating Facility without Network Upgrades for the same set of specified system conditions.

In contrast, FERC states that NR Interconnection Service would require the Transmission Provider to undertake studies and Network Upgrades needed to integrate the facility into the system. As described above, FERC provides that the Transmission Provider would study the Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the facility at full output, the aggregate of generation in the local area can be

delivered to the aggregate of load, thus allowing the Generating Facility to qualify as a Network Resource.

Feedback Requested: Please provide the ISO feedback regarding the form and nature of Interconnection Service. Specifically, please provide feedback regarding the need for one or two forms of Interconnection Service, both on an interim basis (i.e., prior to MD02 or final resource adequacy rules) and on a long-term basis. In addition, please provide feedback on whether a “deliverability” requirement is a necessary or key component of Interconnection Service in general and, more specifically, Network Resource Interconnection Service. Finally, please provide feedback on the manner by which Interconnection Service requests, in general, but also ER Interconnection Service and NR Interconnection Service requests, should be studied for purposes of evaluating system impact.

Stakeholder Comment

Coral favors the two interconnection services in the Final Rule, and does not believe there should be any distinction between interim and long-term service.

Mirant has no objection to offering these two Interconnection services. Mirant believes system impact must be studied for every interconnection proposal, including projects seeking ER service, so that new interconnections do not impair the deliverability of any already connected resource.

SDG&E suggests at this time there is no need to offer NR since the transmission studies required for ER will identify the Network Upgrades needed to allow 100% output for a specified set of system conditions.

SDG&E notes that neither ER nor NR guarantee deliverability because actual grid conditions will differ from dated technical studies, and that only appropriately priced bids can assure deliverability.

SDG&E comments that the ISO can reevaluate whether to offer NR if and when a long term Resource Adequacy mechanism is in place.

SCE comments that it's premature for the CAISO to offer Network Interconnection Service without a fully developed Resource Adequacy requirement.

Preliminary ISO Response

The ISO agrees that it would be premature to offer Network Resource Interconnection Service at this time. A key feature of NR outlined in the Final Rule includes the ability of a facility to “contribute to meeting the overall capacity needs” of the system. Without a capacity requirement on Load Serving Entities in California, or, more broadly, a resource adequacy framework, there are no established “capacity needs” and so this key feature for a generating facility is meaningless.

The ISO is mindful of stakeholder comments about information that may be beneficial for the generator in making decisions about the most appropriate degree of network upgrades. An improved study process that includes a benchmark deliverability standard would offer benefits to all stakeholders. The ISO is developing a methodology for a deliverability study and invites stakeholder comments on the assumptions and parameters for such a study.

V. Pricing & Service Issues and Options

Interconnection Facilities/Direct Assignment Facilities – The FERC rule and Amendment No. 39 are largely consistent with respect to the definition and pricing/cost-responsibility for Interconnection Facilities.

Network/Reliability/Delivery Upgrades – The final FERC rule and Amendment No. 39, as filed, diverge on the treatment of Network Upgrades.² While Amendment No. 39 provides that generators may be responsible for the cost of Reliability Upgrades and may also choose to fund Delivery Upgrades, FERC's final rule holds that while generators may be required to initially fund specific Network Upgrades, such customers must be refunded the cost of any such Network Upgrades over five years (at least with respect to non-independent Transmission Providers). For independent Transmission Providers, FERC provides that they can provide FTRs to those who upgrade the system or develop other region-appropriate pricing provisions in lieu of credits.

Thus, as an independent transmission provider, the CAISO has the flexibility afforded by FERC to fashion pricing and service provisions in a manner that best suits the region. Given this flexibility a number of options present themselves for redefining interconnection service under the ISO Tariff:

Option 1: Conform the ISO's existing pricing and service provisions to those of the Final Rule.

As noted above, the Final Rule's pricing provisions regarding Interconnection Facilities are the same as those under Amendment No. 39 and therefore do not require change. With respect to Network Upgrades, we would most likely have to conform the pricing provisions to either offer "crediting" or property rights such as CRRs, as well as implement the concept of NR Interconnection Service.

Summary of Features

- Both Energy and Resource Interconnection Service Offered
- Credit Back or CRR to Generator
- Deliverability requirement for NR Interconnection Service

² The ISO notes, however, that in accepting Amendment No. 39 to the ISO Tariff, FERC made the filing subject to the outcome of the Final Rule.

- Could include a cost/benefit analysis

Pros:

- Acceptable to FERC because it is consistent with the Final Rule (i.e. mitigates the uncertainty of a new pricing or service methodology that is subject to a FERC decision);
- Includes a delivery requirement for NR Interconnection Service that will allow the ISO to require Network Upgrades necessary to deliver a resource's output to load for a specified set of system conditions;
- Allows the option of generator funding to mitigate the risk that ratepayers will have to pay for the development of transmission facilities that do not get constructed because the generator does not proceed with interconnection;
- NR Interconnection Service and/or a deliverability standard would provide generator greater certainty regarding the possibility of curtailments for purposes of congestion management; e.g. process, cost obligation, necessary upgrades that would avoid curtailments under a specified set of system conditions.
- Can be integrated with MD02 (LMP, CRRs) and a capacity requirement when they are developed/implemented;
- Works with or without a Reliability/Delivery upgrade distinction.

Cons:

- If a 5-year credit back is adopted by the CAISO may not provide sufficient price signals in new generator siting decisions, may result in uneconomic transmission expansion as FERC noted in Para.695;
- Full benefits of NR Interconnection Service to be defined under the state's resource adequacy or capacity rules.

Option 2: Continue with the existing, effective Amendment No. 39 pricing and service provisions (including FERC's separate requirement that PTOs provide credits for Network Upgrades), as described above.

As a result of FERC's statement that independent entities such as the CAISO can propose appropriate pricing provisions for their regions, the ISO could propose to retain the existing effective Amendment No. 39 pricing provisions (e.g., one interconnection service, no mandatory deliverability requirement, continue to require Reliability Upgrades and keep Delivery Upgrades voluntary at generator's discretion). This approach has some merit in light of the continuing concerns regarding the continuing development and implementation of MD02

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and resource adequacy. However, such an approach does not address concerns that the Amendment No. 39 pricing provisions have failed to result in proper (efficient) expansion of the grid.

Summary of Features

- One Interconnection Service Offered
- Generator must fund Reliability Upgrades
- No deliverability requirement – i.e., Delivery Upgrades “voluntary”
- Credit Back to Generator
- CRR to Generator

Pros:

- Tariff language, procedures largely already in effect;
- Avoids creating completely new products in a short time given continuing implementation of MD02, CRRs, and development of resource adequacy policy by the state;
- For all Reliability Upgrades and Delivery Upgrades pursued at the generator’s discretion, not inconsistent with FERC’s Final Rule (i.e. continue credit back for Reliability Upgrades and FTRs for Delivery Upgrades, if applicable);
- Mitigates risk of stranded transmission investment through generator funding of Network Upgrades (Reliability or Delivery);
- Can be integrated with MD02.

Cons:

- Especially for the interim period prior to the implementation of either MD02 or resource adequacy rules (i.e., when Intra-Zonal Congestion continues to result in operational and economic efficiency problems), would continue to make Delivery Upgrades *optional* at the interconnection customer’s discretion, which could result in new generation being added to the grid but insufficient transmission available to deliver the generation for a specified set of system conditions, even though the generator has a contract to sell energy to an LSE;
- Requires justification to FERC under an “independent entity standard” why NR Interconnection Service should not be offered by the ISO at this time;
- Lack of a NR Interconnection Service product creates uncertainty as to how deliverability will be addressed in context of a resource adequacy requirement.

Option 3: Recognize current practice and existing markets in California, and modify Final Rule service definitions accordingly.

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It is unclear what it means to “qualify as a Network Resource” in the current California market. Nevertheless, there can exist the notion of two different levels or quality of interconnection service, as described below. Requests for Interconnection Service in California currently do not include an initial choice of differentiated levels or quality of interconnection service. Rather, system impact studies identify the Network Upgrades necessary to accommodate the generating facility at full output, with the Transmission System at peak load, and under a variety of specified severely stressed system conditions. This “deliverability” variant could be the basis for modifying the Final Rule definition for “Network Resource Interconnection Service.”

A PTO could, at a developer’s request, determine the feasibility of allowing fewer Network Upgrades than would be required to accept full output of the generating facility during all hours of the year for a specified set of system conditions. It would be understood that these fewer Network Upgrades would increase the likelihood that the interconnecting generating facility would have to be curtailed, for purposes of congestion management, during certain of the specified set of system conditions. With the approval of the ISO, the Interconnection Customer could be given the option of moving forward with the less-than-full-output interconnection. If the Interconnection Customer opted for the less-than-full-output interconnection, the likelihood that the generator output could be curtailed increases. Note, Assumption 4 however, that the Interconnection Customer's price/quantity bid, in comparison to all other bids, will determine whether or not the Interconnection Customer, or some other user of the grid, is ultimately curtailed, for purposes of congestion management, subject to any other operating constraints agreed to by the generator and the ISO. Such operating constraints would, by necessity, be detailed in the Participating Generator Agreement (PGA) between the ISO and the generator. Under this approach, the ISO would monitor and enforce and agreed-to operating constraints on the resource.

If codifying this approach to two levels of service were acceptable, the parties in the Order 2003 compliance process would need to articulate the steps in the process where less-than-full-output interconnection solutions might be identified (most likely during the system impact study process), approved by the ISO as acceptable operating constraints, and selected by the generator before undertaking the facilities study. Further, the parties would need to modify the definitions of “Network Resource Interconnection Service” and “Energy Resource Interconnection Service” accordingly.

This Option 3 would be compatible with several pricing variants. For example, the interconnecting generator could be provided with credited-back refunds within 5-years. Or, it could be provided with CRRs associated with the network upgrades. Or, it could be provided with a partial refunds and a partial CRR allocation as described in the pricing variation detailed below.

Summary of Features

- One base-level service offered but generators could elect a low quality service by not paying for certain transmission upgrades

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- Deliverability not required but could be assured for a specified set of system conditions by sponsoring upgrades
- Credit Back to Generator
- CRR to Generator

Pros:

- Avoids creating completely new products in a short time given the continuing implementation of MD02, CRRs, and continuing development of a resource adequacy policy;
- Provides direction for conducting interconnection studies that specifically contemplate a less-than-full-output, ER Interconnection Service;
- Does not require development of a “deliverability” standard for Network interconnection service as part of the compliance filing;
- Allows the option of generator funding to mitigate the risk that ratepayers will have to pay for the development of transmission facilities that do not get constructed because the generator does not proceed with interconnection;
- NR Interconnection Service provides generator greater certainty that curtailments, for purposes of congestion management and under a specified set of system conditions, will not be required once the unit become operational;
- Can be integrated with MD02 (LMP, CRRs) and a capacity requirement when they are developed/implemented;
- Works with or without a Reliability/Delivery upgrade distinction.

Cons:

- 5-year credit back (to the extent that the CA-ISO adopts it) may be viewed as not providing appropriate signal for new generator siting decisions.
- Especially for the interim period prior to the implementation of either MD02 or resource adequacy rules (i.e., when Intra-Zonal Congestion continues to result in operational and economic efficiency problems), would continue to make Delivery Upgrades optional at the interconnection customer’s discretion, which could result in new generation being added to the grid but insufficient transmission available to deliver the generation for a specified set of system conditions, even though the generator has a contract to sell energy to an LSE.

Possible Pricing Variation - Optional Uneconomic Network Upgrade Test

In order to address concerns that ratepayers may be required to fund Network Upgrades that do not provide them an economic benefit, a cost/benefit test could be administered by the ISO to determine the amount of benefits a ratepayer would receive from certain Network Upgrades. Under this approach, the ISO

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would provide credits for the portion of the Network Upgrades funded by an interconnection customer if the ISO determines the overall costs of the Network Upgrade necessitated by their interconnection exceeds the benefits to customers. This pricing variation is compatible with one or two-service approach and with or without a deliverability requirement. Under this pricing variation, any credit back or CRR to a Generator would be subject to a cost/benefit test

Under this option, following the completion of an Interconnection Facilities Study, if the estimated Network Upgrade costs exceed \$20 million, any party could formally request that the ISO perform an economic analysis for the Network Upgrades identified in the Study. The ISO would perform such a study, and would publish the results of the analysis in order that the results could be used as evidence in formal regulatory forums.

In paragraph 695, FERC recognizes that its crediting policy that generators be repaid for network upgrades within 5-years with interest mutes the generators incentive to make efficient siting decisions thus providing generators an improper subsidy. FERC then states:

Independently administered participant funding for network upgrades offers the potential to provide efficient price signals and more equitable allocation of costs than the crediting approach. The Commission notes that the transmission pricing policies that the Commission has permitted for an RTO or ISO with locational pricing, in which the Interconnection Customers bears the cost of all facilities and upgrades that would not be needed but for the interconnection of the new generating facility and receives valuable transmission rights in return, are acceptable forms of participant funding.

This option addresses the potential for uneconomic transmission expansion under the crediting proposal by leveraging the deference that FERC has granted independent entities such as the CAISO. This option safeguards against uneconomic transmission expansion in the interim while development of capacity rules by the state continues and MD02 implementation progresses.

Pros:

- Addresses concern that uneconomic Network Upgrades would get rolled-into consumer rates.
- Under this approach, any consideration of the merits in a specific generator interconnection docket at FERC would require evidence, e.g., a cost/benefit analysis. The analysis is likely to be very technical, and FERC will likely be more receptive to independent analysis by the ISO. Such a FERC case is likely to occur long before the CPUC gets a CPCN application to hear; and the CEC may want to hear about the cost and environmental impacts of the Network Upgrades when it hears the generator's AFC. Moreover, FERC has suggested that the ISO has the authority and responsibility to perform

cost/benefit analyses. See 10/25/02 Order in ER02-1330. At Paragraph 42, FERC rejected PG&E's proposed reservation of a right to deny credits if a project is found to be not cost-effective, on the ground that PG&E's proposal was not well defined, and also because the ISO already has this authority.

Cons:

- Since the ISO is still developing a standard “economic test”, any project that warrants an economic review in the interim will be evaluated on a case-by-case basis until the ISO completes its economic methodology.
- Uncertainty as to how a FERC determination of just and reasonable transmission costs, based on their acceptance of a signed LGIA, would be considered in the CPUC/CEC permitting processes for new construction.

Stakeholder Comments

Calpine opposes the Uneconomic Network Upgrade Test. Calpine suggests the small risk of uneconomic projects does not justify the creation of a new test for determining pricing.

Calpine suggests FERC is unlikely to permit the CAISO to deviate from the *pro forma* pricing terms.

Coral finds flaws in all three options and reiterates its support for the pricing and service provisions in the Final Rule. Coral specifically disagrees with the discussion in Option 1 stating that a 5-year credit back does not provide sufficient price signals in generator siting decisions. Coral believes reliance on a locational pricing signal is unfair and discriminatory to new generators, and is impractical because there aren't enough sites for new power plants.

Coral opposes Options 2 and 3 because they deviate from the Final Rule and continue to rely on existing practices.

The Department of Water Resources – State Water Project (SWP) urges clear definition of the “Point of Interconnection” as the point at which the facility interconnects with the ISO Controlled Grid, whose costs are included in the TAC.

SWP favors a participant funding approach rather than a crediting policy for network upgrades.

SWP also supports an economic cost-benefit analysis for all network upgrades.

FPL Energy supports continued awarding of FTRs/CRRs for transmission enhancements funded by third parties and not credited back to generators. The allocation of CRRs for these Transmission-Only interconnections should not be subject to CAISO cost/benefit test.

Mirant initially supports Option 3, which explicitly ensures resources that don't pay for deliverability upgrades must accept “operating constraints.” Option 1 is Mirant's next choice, or its first choice if there is misunderstanding about Option 3. Mirant argues against a pricing variant that employs a cost/benefit test.

PG&E favors Option 3. PG&E believes the “default” interconnection service would be NR, but that the ISO can offer the option of ER with possible curtailment of output for purposes of congestion management.

PG&E supports the proposed pricing variation for uneconomic upgrades. PG&E supports the concept for allowing any party to request an ISO cost/benefit analysis if estimated Network Upgrades exceed \$20 million.

SCE comments that it’s premature for the CAISO to offer Network Interconnection Service without a fully developed Resource Adequacy requirement. SCE believes the criteria for qualifying as a “capacity” resource and a deliverability standard should continue to be part of the CPUC’s long-term procurement process.

SCE believes that Reliability Upgrades, and Deliverability Upgrades found to be cost-effective by the ISO, should be constructed by the PTO and the costs should be recovered through the TAC. SCE suggests that Delivery Upgrades that are not found cost-effective would not be rolled-in to the TAC, but the generator should be allowed to fund the upgrade if it chooses and would then receive FTRs/CRRs. SCE believes the PTO should own all Network Facilities, regardless of who funds the Upgrade.

Sempra Energy Resources (SER) supports Option 1.

Preliminary ISO Response

The ISO’s initial proposal most resembles Option 3 in that it features a base level of interconnection service with varying levels of network upgrades, and a 5-year credit back for the cost of those upgrades. This proposal appears to fit best with California’s current situation and offers the most flexibility for market participants now and in the future.

The ISO also proposes to conduct a cost-benefit test for large-scale network upgrades. The ISO believes a transparent and unbiased methodology should be in place to guard against egregiously expensive projects, especially since the generator would recover the full cost of network upgrades within five years regardless of the location of the plant or the availability of other sites that might require less expensive upgrades. Without some locational price signal, a reasonable backstop is needed to assure that all ratepayers aren’t paying for uneconomic projects. However, such an economic analysis is not intended to delay or create obstacles to new generation, and its application would be limited to large projects beyond a certain threshold level (\$20 million.)

VI. Major Pricing and Service Issues

The above discussion identifies a number – but not all - of key policy questions that must be addressed in order to prepare the Order 2003 compliance filing. The following list, once again not to the exclusion of other issues, attempts to capture the salient policy issues and questions as partly outlined above.

- 1) **Crediting Policy** -- ¶ 693-697 - Both PG&E and Edison are under FERC directives to provide credits for “but for” Network Upgrades initially funded by new generators. The Commission continues to require such treatment for “non-independent” transmission providers. They afford RTOs and ISO’s greater discretion. FERC cites to the policies in place in PJM where generators must pay for “but for” Network Upgrades, but also receive the FTRs (financial instrument) associated with those upgrades (PJM also has some kind of “Capacity Interconnection Rights.”). The ISO must decide whether to continue crediting until we have LMP in place (MD02) and after. Of course, under the ISO’s current zonal pricing system, there are no FTRs if a generator’s upgrades are limited to “Intra-Zonal” facilities and thus the need to “offer” crediting as compensation for initially funding Network Upgrades.

Stakeholder Comments

Calpine favors awarding transmission credits to generators for network upgrades.

Coral believes the ISO must implement the five-year crediting policy mandated in the Final Rule.

The Department of Water Resources – State Water Project (SWP) warns that a 5-year crediting policy would make suppliers indifferent to the costs of upgrades. As an alternative to crediting, SWP urges the participant funding approach.

Mirant supports the five-year crediting policy or an alternative award of FTRs/CRRs as long as the funding entity makes the choice.

SCE supports the construction of Reliability Upgrades and cost-effective Deliverability Upgrades. The applicable PTO should either fund the upgrade itself and recover costs through the TAC, or require upfront funding by the generator and then provide credits (plus interest) to the generator.

For Delivery Upgrades that are not found to be cost-effective, SCE argues that the generator should be allowed to fund the upgrade and then receive FTRs/CRRs for its investment.

SCE opposes credits for generator funding of gen-tie or direct assignment facilities. SCE argues that crediting policy should be the same before and after MD02 is fully implemented.

Sempra Energy Resources supports the need to offer crediting as compensation for Network Upgrades until MD02 is in place due to the fact that FTRs are not available for Intra-Zonal congestion upgrades, as demonstrated in the Mexican Generation case study.

Preliminary ISO Response

The ISO proposes to continue the existing crediting policy whereby the Generator can receive transmission credits over a five-year period for its investment in network upgrades. This is the current FERC practice for two major California utilities, as well as nationwide, and in the current pre-MD02 environment, where the ISO is not able to offer FTRs with measurable value within transmission zones, the ISO agrees with many stakeholders this crediting policy is the best way for now to compensate developers for transmission grid improvements that benefit everyone. Regular assessments of plant retirements and new generation construction indicate that California might face low reserve levels or possibly resource shortages in the near future, and these and other assessments also persuade the ISO that the five-year payback to generators for upgrades is appropriate.

However, the ISO does propose to retain the option for assessing the costs and benefits of specific projects to ensure that upgrades are reasonably efficient and beneficial. In addition, the ISO will re-consider this crediting policy once LMP is implemented to ensure that new generators consider locational price signals and cost reimbursement for transmission upgrades is more integrated with the benefits of that market design.

- 2) **Regional State Committees (RSCs)** – ¶ 698 - FERC invites RSCs “to establish criteria that an independent entity would use to determine which Transmission System upgrades, including those required for generator interconnections, should be participant funded and which should not.” Even in the absence of a formal RSC, should the ISO establish criteria to determine which upgrades should be participant (generator) funded? The ISO will need to coordinate with the CPUC on this matter.

Stakeholder Comments

Calpine believes that FERC envisions RSCs to involve multiple states and that an RSC comprised of the CAISO by itself, or with the CPUC, does not meet the letter or spirit of FERC’s intent.

The Department of Water Resources – State Water Project (SWP) recommends the ISO work with the RSC to develop a standard of interconnection upgrades for all stakeholders to use.

Mirant urges the ISO to create explicit and detailed criteria for participant funding, and to re-evaluate these criteria if and when a RSC address the issue.

SDG&E recommends that, absent direction from a formal RSC, the ISO should only require an interconnecting generator to fund Network Upgrades when the ISO finds the cost of the Network Upgrade is not fully offset by benefits, i.e. the Network Upgrade fails the ISO’s cost-benefit analysis.

SCE agrees the ISO should coordinate with the CPUC in developing these interconnection pricing and service policies.

ISO Preliminary Response

The ISO does not intend to establish criteria for participant funded upgrades. The ISO considers that a cost/benefit study on all individual projects may not be necessary. Rather, a defined cost threshold or screen could be utilized to define those projects where an economic study would be appropriate.

In the absence of clearer direction for what constitutes a Regional State Committee in the context of a one-state ISO, the ISO will continue to work closely with the CPUC and other state agencies.

3) **Network Service** – Should the ISO offer NR Interconnection service? Now or in the future?

The FERC rule provides that Transmission Providers offer two forms of interconnection service, NR Interconnection Service and ER Interconnection Service. ER Interconnection Service is an “as available” service that does not necessarily require transmission upgrades to ensure the deliverability of new generators. NR Interconnection Service however does contemplate that the new generator electing that service is available to serve system load for a specified set of system conditions and is thus deliverable. In order to satisfy such a requirement, NR Interconnection Service requires new generators to fund the transmission upgrades necessary to ensure their deliverability. The provision of NR Interconnection Service also contemplates that once designated as a Network Resource, a new generator will then count towards satisfying the capacity needs of the planning region (see paragraph 784).

Stakeholder Comments

Mirant does not have a definitive position on NR but looks forward to the dialogue.

Mirant sees no distinguishable difference between the current Deliverability Upgrades and the possible creation of some formal “Network Service.” Mirant suggests the most accurate terms in the California context would be:

- “Unrestricted Interconnection” – including resources that are currently attached or new resources that either pay for or don’t require deliverability upgrades, or
- “Restricted Interconnection” -- those projects that agree to operating constraints.

PG&E supports NR as the “default” interconnection service that integrates the new generator into the transmission system in a manner comparable to the service provided to native load customers.

SCE argues that without a fully developed resource adequacy requirement, it is premature for the CAISO to offer Network Interconnection Service.

Sempra Energy Resources supports NR service under Option 1 and prefers to modify the Amendment 39 terms “Deliverability” and “Reliability” Upgrades to conform to the NR service with the crediting mechanism.

Preliminary ISO Response

The ISO sees no real purpose for offering Network Service at this time because there is no currently effective state resource adequacy program and thus no formal requirement for meeting capacity needs, including a requirement for new generators to meet deliverability standards that would qualify as Network Service. The ISO intends to offer technical studies regarding deliverability which should provide useful information on the range of Network Upgrades that a generator may choose.

A generic interconnection service would offer flexibility in the current situation and allows each new Generator to tailor its needs and future plans for that interconnecting facility.

- 4) **Transmission Credits and CRRs** – Should the ISO continue to offer transmission credits to those that pay for Network Upgrades? Should the ISO continue to offer CRRs to customers that pay for upgrades? Should the ISO offer both and whose decision is it as to which option is elected?

Stakeholder Comments

Calpine favors the continued awarding of transmission credits to generators for network upgrades.

Calpine suggests that, since non-independent Transmission Owners perform the technical studies that determine Network Upgrade costs, California should adhere to FERC’s policy for transmission credit-backs.

Coral believes that until FTRs/CRRs are fully developed and implemented, the ISO has no choice but to offer transmission credits as contemplated in the Final Rule.

The Department of Water Resources – State Water Project (SWP) opposes offering FTRs or CRRs as credits for transmission upgrades. SWP believes these financial instruments are designed for load to hedge against uncertain costs, and not for generators to collect revenues.

FPL Energy supports continued awarding of FTR/CRRS for Transmission-Only enhancements funded by third parties and not credited back to generators.

Mirant supports credits and believes FTRs/CRRs are acceptable alternatives as long as the generator can choose either option.

SDG&E believes generators who pay for Network Upgrades could choose to receive either CRRs or credit-backs for advancing the funding of Network Upgrades. SDG&E argues that Transmission Owners would retain the CRRs if the generator chooses the credit-back option.

SCE supports the construction of Reliability Upgrades and cost-effective Deliverability Upgrades. The applicable PTO should either fund the upgrade itself and recover costs through the TAC, or require upfront funding by the generator and then provide credits (plus interest) to the generator.

For Delivery Upgrades that are not found to be cost-effective, SCE argues that the generator should be allowed to fund the upgrade and then receive FTRs/CRRs for its investment.

Sempra Energy Resources supports the ISO offering both options (credits or CRRs) for return on the transmission upgrade investment.

Preliminary ISO Response

The ISO proposes to let new Generators choose the form of cost recovery for Network Upgrades: either transmission credits or applicable CRRs. On a long-term basis, this credit back policy may be reconsidered as property rights associated with new transmission investments are more clearly defined. In addition, in instances where a Generator has elected to receive transmission credits and an economic evaluation determines that the overall costs of the proposed Network Upgrade exceed the benefits, the ISO proposes that the Generator only receive credits up to the level of benefits and that the Generator receive, if applicable, the FTRs/CRRs for any costs incurred above the level of benefits.

The ISO clarifies that financial rights would continue to be allocated for merchant transmission projects as provided under section 3 of the ISO Tariff.

- 5) **Deliverability** - The current ISO Tariff and the Final Rule differ on the scope of required Network Upgrades. The Final Rule offers a Network Interconnection Service product that requires Network Upgrades for deliverability under a specified set of system conditions, and Energy Resource service that, consistent with the current ISO Tariff does not

require the same magnitude of delivery upgrades for the same set of specified system conditions.

More specifically, the FERC rule provides two options to new generator owners to address the situation where there may be insufficient transmission capacity on the system to ensure delivery of their resource's output. First, the new generator could elect NR Interconnection Service and thus be required to pay for the transmission upgrades necessary to deliver the resource's output to load under a specified set of system conditions (under the FERC rule, the new resource owner would receive a credit so that the cost of the network upgrades are refunded to the generator owner within five years). Second, the new generator could elect ER Interconnection Service and thus not agree to upgrade the transmission system to the same level and face potentially more significant limitations on the output of its plant or unit. Should the ISO require that resources be "deliverable"?

Stakeholder Comments

Mirant conceptually supports the possibility of "operating constraints" based on agreements reached in the interconnection process. However, there is some concern that interconnection approval could be unreasonably withheld to force agreement on "operating constraints." Mirant suggests some "default" terms that guarantee interconnection approval if certain minimum criteria is met.

Mirant also questions how agreed to "operating constraints" are recognized by the LMP-dispatch algorithms. Mirant offer the dispatch software probably should include restrictions on ER units, rather than dispatching purely in economic merit order.

SCE believes that resource adequacy issues, including the criteria for a deliverability standard, should continue to be addressed as part of the CPUC's long-term procurement process, with CAISO participation.

Sempra Energy Resources opposes requiring a resource to be deliverable.

ISO Preliminary Response

The ISO believes deliverability should not be *required* at this time because there is no resource adequacy requirement that would provide a clear benefit or economic incentive for the generator to build the necessary upgrades to achieve deliverability. However, the ISO proposes to offer a benchmark deliverability study as part of the series of technical studies that assess the system impact of a new interconnection. This analysis would provide Generator developers a benchmark to understand the available transmission capacity during system peak conditions. In addition, a deliverability study should provide useful information to assess

the likelihood of the facility to deliver energy at varying levels of output during off-peak system conditions.

- 6) **Economic Methodology** – Does the ISO need to finalize and implement a cost-benefit methodology in order to move forward with defining an interconnection policy? Should the ISO apply such a methodology when evaluating Network Upgrades necessitated by interconnection requests?

Stakeholder Comments

Calpine encourages the CAISO to avoid creating new, expensive and time-consuming barriers to investment that are outside of the Final Rule.

The Department of Water Resources – State Water Project (SWP) supports a cost-benefit analysis for all network upgrades.

FPL Energy believes Transmission-Only interconnections should not be subject to CAISO cost/benefit test. FPL Energy seeks clarification that the ISO will continue to award FTR/CRR for these types of projects.

Mirant argues against cost/benefit analysis. Mirant believes that implementation of a cost-benefit methodology that is perceived to be fair by all parties will be very long, drawn out and contentious.

PG&E supports a cost-benefit methodology and urges the development of such a test as soon as possible.

SDG&E argues the ISO does not need to finalize a cost-benefit methodology in order to comply with Order 2003. SDG&E believes it is impractical to develop a single economic methodology for all upgrades.

SCE argues the CAISO should develop a method to determine the cost-effectiveness of Delivery Upgrades. SCE supports the basic elements of the CAISO/London Economics methodology, but flexibility in the economic analysis is essential for particular transmission projects.

Sempra Energy Resources supports development of guidelines for workable methodologies to analyze the cost-benefits of a potential network upgrade. Sempra supports current tariff language that allows flexibility for any party to sponsor/present a cost-benefit analysis.

Preliminary ISO Response

The ISO favors the development and application of a cost-benefit test to be applied to projects requiring significant network upgrades. The purpose of an ISO applied cost-benefit test would be to determine whether transmission customers would receive benefits commensurate with the costs they would be crediting back to the generator and, ultimately, paying through rates. The ISO emphasizes this economic analysis should

be limited to large cost upgrades and should not unreasonably delay or obstruct worthy projects. The ISO welcomes stakeholder input on the methodology and process for such a cost-benefit test.

- 7) **Cost-Responsibility Allocation** - To the extent that multiple Transmission Owners would need to participate in installing system Network Upgrades, would a cost/benefit analysis include a cost reallocation mechanism among the participants such that all entities receive a net benefit?

Stakeholder Comments

Calpine encourages the CAISO to avoid creating new, expensive and time-consuming barriers to investment that are outside of the Final Rule.

SCE argues that all Network Upgrades should be recovered through the CAISO's TAC methodology, and there is no need for a cost-benefit analysis to reallocate transmission costs among PTOs.

Sempra Energy Resources supports the general idea that those who pay for the upgrade will receive the benefits. Cost reallocation to multiple owners should apply if net benefits are demonstrated.

Preliminary ISO Response

Consistent with cost-causation, the ISO believes the costs incurred for the upgrades on each Transmission Owners system should be the basis on which to determine the proportional benefits after the overall project passes the cost/benefit test.

- 8) **Phase-In Approach** – Should the ISO adopt a phase-in approach wherein one policy is in place for the interim period until MD02 is further implemented and the state establishes a resource adequacy policy. The interim interconnection policy and rules would then be updated to reflect whatever changes are required pursuant to the market design and state policy.

Specifically, in the near term, prior to implementation of either MD02 or a resource adequacy program in California, a number of issues need to be addressed. Because LMP will not have been implemented, Intra-Zonal Congestion will continue to be managed in real-time and entities will continue to be able to submit infeasible day-ahead schedules. [We note, however, the financial impact of managing the Intra-Zonal Congestion will in part be mitigated by the recent FERC ruling regarding Amendment No. 50, i.e., application of “dec”-bid reference prices]. Since Intra-Zonal Congestion will continue to be managed in real-time, it appears that the best means to mitigate the Intra-Zonal Congestion resulting from the

interconnection of new generators is through expansion of the transmission system. That is, since there will be no effective way to manage Intra-Zonal Congestion in the forward markets prior to the implementation of LMP, the next best solution may be upfront expansion of the transmission system. In this instance then, expansion of the grid to accommodate new generation could serve a dual purpose, mitigate resulting Intra-Zonal Congestion and increase the likelihood that the full output of the new resources can be delivered.

Stakeholder Comments

Calpine prefers consistency in market rules over frequent disruptions. Even some initial delay in Final Rule implementation is preferable to interim modifications that hinge on the MD02 process.

Mirant sees no need for a phased-in approach. Mirant believes the “operating constraint” approach should solve the Intra-Zonal Congestion issue for new interconnections.

SDG&E suggests a phased in approach need not be an explicit part of the compliance filings. Future tariff changes can be made to reflect MD02 and/or a resource adequacy policy implementation.

SCE argues that pricing policy should be the same before and after MD02 is fully implemented. SCE urges the CAISO to move forward with revising its pricing policy to ensure that cost-effective Delivery Upgrades are constructed.

Sempra Energy Resources believes that Option 1 appears to encompass the phased-in approach for incorporating MD02 elements and resource adequacy components.

Preliminary ISO Response

This ISO is sympathetic to the view that establishing one consistent interconnection policy for the long-term is preferable, but the linkages among resource adequacy, the development of property rights within an LMP environment, and new generator interconnections suggest that possible changes to interconnection policy will likely need to be considered in the future.

However, at this time the ISO does not intend to declare specifically an “interim” period for implementation of this Final Rule. The ISO expects its Compliance Filing to be suited for the current situation, and that future events may require additional stakeholder participation and re-examination of the ISO’s interconnection processes and policy.

- 9) **Allocation of CRRs** – What is the relationship between the CRR allocation process contemplated under MD02 and the proposal to allocate

CRRs to interconnection customers that fund Network Upgrades? What types of facilities qualify for CRR allocation (e.g., Reliability Upgrades, Delivery Upgrades, both, FAQs, capacitor installations, etc?).

Stakeholder Comments

The Department of Water Resources – State Water Project (SWP) opposes the allocation of CRRs to generators. To the extent a crediting policy is in place, SWP believes credits should be in the form of transmission credits only, and that CRRs should be allocated to load only.

FPL Energy supports continued awarding of FTR/CRRS for Transmission-Only interconnections. FPLE believes the allocation of CRRs for transmission enhancements that are funded by third parties and not credited back to generators should not be subject to CAISO cost/benefit test.

Mirant offers support for the basic concept: funders of upgrades that increase capacity should be eligible for CRRs corresponding to that increase.

SDG&E believes that CRR allocation should only apply to existing transmission. CRRs associated with new transmission should be awarded to those that fund the upgrade. Any type of facility that results in a change in transfer capability should be awarded the associated new CRRs.

SCE argues that CRRs associated with Reliability Upgrades and cost-effective Delivery Upgrades should be allocated to LSEs based on the LSE load and resource delivery requirements (as contemplated in MD02).

SCE suggests that CRRs associated with Delivery Upgrades that are not found to be cost-effective should be allocated to the entity that pays for the Delivery Upgrade.

Sempra Energy Resources favors allocation of the corresponding CRRs for any equipment used to upgrade the transmission transfer capability.

Preliminary ISO Response

The ISO initially proposes to allow the generator the choice of transmission credits or CRRs to compensate for investments in network upgrades that increase transmission capacity (delivery upgrades). The ISO will continue to consider how this policy would relate to CRR allocation process under MD02.

10) **Other Issues...**

Stakeholder Comments

Calpine inquires about issues not addressed in this White Paper – specifically, queue positions; scope, timing, costs and clustering of

Attachment A of Board Memorandum of November 25, 2003

technical studies; dynamic scheduling; construction of facilities or upgrades; confidentiality; dispute resolution. Calpine asks whether the ISO will file *pro forma* language or modified language related to these issues.

Calpine requests red-lined documents showing where the proposed ISO compliance language does not conform with the Final Rule's *pro forma* interconnection policy and agreements.

Coral supports provisions in the crediting policy for network upgrades to allow tax-related payments, assignable rights of credits, interest at the FERC rate and credits for service taken anywhere on the transmission system.

Mirant suggests minimum "default" conditions whereby interconnection approval is guaranteed, so that agreement on potential "operating constraints" is the result of mutual agreement, not coercion.

Mirant raises the issue of compensation to generators for VARs, and suggests the new Interconnection Agreements should change the approach of the current PGAs with regard to Reactive Power.

SDG&E recommends the ISO and PTO compliance filings conform their terminology to that used in Order 2003 to the extent possible.

Preliminary ISO Response

Many of the additional issues raised by stakeholders will be addressed in the specific tariff language the ISO will provide in its compliance filing. As stated in assumption number one above, the ISO intends to start with the *pro forma* interconnection agreement and interconnection procedures adopted by FERC in the final rule. Therefore, issues such as queuing, study scope and timing, and tax-related payments will be consistent with the final rule.

The ISO greatly appreciates the time and effort stakeholders have devoted thus far in this process. All of these written comments as well as informal comments expressed at the October 21st stakeholder meeting have been very helpful. The ISO hopes and encourages continued participation in the next stakeholder meeting scheduled for November 12th, as well the second and third round of written comments.

VII. Case Studies

In order to lay a better foundation for discussing and vetting the policy issues raised by, and the implications of, Order 2003, we discuss below a case study in the interconnection process. The case study is based on a historical example that highlights some of the issues with which we will have to grapple and resolve,

especially in the near-term. The case study is for illustrative purposes only and is intended to stimulate discussion and shape each party's response to this paper.

Case Study - The Mexican Generation Situation

Background

In 2001, a number of developers requested interconnection of new generation facilities in Northern Mexico, near the California border. In total, approximately 1660 MWs of new generation was proposed to be interconnected in the area of the Imperial Valley 230 kV bus (including AES and AEP there was actually 2000-3000 MW in the queues). While located in Mexico, a significant reason for developing the new generation was to sell into the California market (most of the LRPP was committed to CFE under long-term sale). In fact, while located in Mexico, electrically, the plants were designed and built in a fashion to, in part, directly interconnect to the ISO system and thus become part of the ISO Control Area. The plants include InterGen's La Rosita plant interconnected into the Mexican system (four units, 750 MW combined, however only one 170 MW unit capable of being interconnected to the Imperial Valley substation via transfer switches at the plant; the La Rosita Expansion Project (two units, 310 MW combined) facilities and Sempra's Termoelectrica De Mexicali or "TDM" facility (three units, 600 MW combined). A portion of the La Rosita Plant that is interconnected to CFE can be scheduled through the Inter-Zonal path between CFE and the ISO.

Concurrent with these plants interconnection requests to the ISO grid, there was significant generation addition activities in Arizona (Palo Verde Area). The generation addition in Arizona was proceeding independent of the ISO-established or governed interconnection policy or procedure. Over 6,000 MW of generation has been added in the Palo Verde area, the southern terminus of the Palo Verde to Devers and the Palo Verde to Miguel 500 kV lines. This has resulted in increased power flow on the Arizona to California, East of the Colorado Rive (EOR) path resulting in Inter-Zonal congestion. This Inter-Zonal congestion is contributing to the congestion at Miguel.

Consistent with the ISO interconnection policy and procedures that existed at the time, the generators' interconnection request was studied by San Diego Gas & Electric Company in close coordination with the ISO through a work group effort which consisted of Plant owners and other impacted entities. Interconnection study results indicated that the system could accommodate the interconnection of the full capacity of the new generators, but that delivery would be limited to an as available basis subject to the existing ISO congestion management procedures.

Consequences of Interconnection of the Mexican Generation and Generation additions in Arizona

There were two direct consequences to that determination:

- 1) **Increased Inter / Intra-Zonal Congestion** – As a result of the interconnection and subsequent operation of the new generation addition

in Mexico and Arizona, there has been a significant increase in congestion at the Miguel Substation. Thus, because the new generation results in an increase in a “Hybrid” (Inter and Intra-Zonal) Congestion the congestion cannot be managed through the ISO’s bid-based day-ahead congestion management process but instead has to be managed by mitigating the Congestion in real time, pursuant to the ISO’s existing Intra-Zonal congestion management process. This is a well-known consequence and deficiency of the ISO’s existing congestion management process. The existing design effectively permits entities to submit “infeasible” day-ahead schedules that cause congestion; congestion that can only be managed in real time and the cost to relieve is imposed on all loads in the affected zone. Such an outcome is problematic for three reasons. First, the increase in real-time Inter/Intra-Zonal Congestion causes operational/reliability problems because the ISO’s operators have to dispatch resources in real time to relieve the congestion. Second, because the entity that causes the congestion is not held financially responsible for it and thus the costs of relieving the congestion is spread to others. Third, because the generators have to be curtailed to mitigate congestion, they are in a position to exercise local market power by submitting a low decremental bid to relieve congestion (i.e., exercise the “DEC” game).

- 2) **The Energy is Undeliverable to Load** – A further consequence of the method by which the new Mexican generation was interconnected to the grid is that the energy from the plant may not be delivered depending on the new Mexican generations' dec' bids as compared to other suppliers' competing dec bids, and the relative effectiveness of those bids in mitigating the intra-zonal congestion. That is, because the network transmission facilities in the area around the plant are of insufficient capacity to carry both the output of the plants as well as other flows on the lines, the lines are frequently congested and the system does not have the full benefit of the plants' capacity. In many circumstances, the output of the plant has to be reduced to address Intra-Zonal Congestion and is thus unavailable for dispatch and to serve load. Clearly, all can agree that going forward, this situation is best avoided. In the future, upon the implementation of the ISO’s proposed Market Design 2002 (“MD02”) and Locational Marginal Pricing (“LMP”), all congestion will be managed in the day-ahead market where all entities’ Final Schedules will be physically feasible and each entity will pay for their use of the grid including all associated congestion. Therefore, implementation of MD02 and adoption of a resource adequacy program by the State should eliminate a number of the adverse consequences identified above.

However, prior to the implementation of MD02 and a resource adequacy requirement in California, near-term solutions must be identified to address the issues discussed above.

Feedback Requested: The ISO requests feedback on what near-term options are available to address the issues identified above and, specifically, whether a deliverability requirement for new generators is appropriate and required both for the interim period as well as on a long-term basis, and if so, how "deliverability" should be defined.

Stakeholder Comments

Coral objects to the title of this case study and suggests that generation from the Palo Verde area is as much responsible for the Miguel substation congestion as the Mexicali generators.

Coral argues that a fundamental problem with a deliverability requirement is that necessary transmission upgrades typically have longer permitting processes and construction timelines than power plants. Coral suggests that power plant developers cannot complete the transmission upgrades necessary to deliver the plant's output in the same timeframe as completion of the power plant, and therefore new generation would be discouraged inappropriately.

SDG&E does not believe an ISO-enforced "deliverability requirement" is either appropriate or practical. SDG&E prefers to let the contract counter-parties work out "Deliverability" issues on terms that make commercial sense for each party.

SDG&E believes the only rational, fair and efficient way to decide who gets to use the grid when all desired uses of the grid can't be simultaneously accommodated is through bids in the ISO's day-ahead, hour-ahead and/or real-time markets.

Preliminary ISO Response

As acknowledged in the above case study, the ISO agrees with Coral that imports from Palo Verde also contributed to the resulting congestion at Miguel. In the ISO's view, this fact further highlights the problems with current distinction between Inter and Intra-Zonal Congestion.

The ISO shares Coral's concerns regarding the mismatch between generation and transmission infrastructure development lead times. On the one hand, the long lead times associated with getting new transmission sited and built argues for a proactive transmission planning policy that *anticipates* the needs of both generation developers as well as the larger system needs (i.e., capacity for the region). However, such a policy could also result in stranded transmission investment if the market (and related generation development) signals no new generation is needed and the planned generation fails to materialize. Alternatively, and of equal concern, would be to let actual generation development drive transmission expansion. Under this scenario, it is likely that transmission infrastructure development may not keep pace with new generation, thus resulting in constrained-out generation pockets. Such an outcome would reduce prices in the constrained area and may result in generation exiting the market or not developing. A prudent approach may be to develop and apply interconnection-transmission planning processes that rely on both market signals and a more centralized but proactive transmission planning process that

Attachment A of Board Memorandum of November 25, 2003

anticipates generation development to ensure that there is sufficient transmission to support new generation. A key component of such a process would be a robust economic evaluation methodology.

Appendix A

Preliminary ISO Positions on FERC Large Generator Interconnection Rule

Purpose: The purpose of this document is to provide Market Participants with the ISO's position on a number of the issues raised by the FERC's Order 2003. The statements in this paper do not represent the formal position of the ISO and the ISO's position on each of the identified issues is therefore likely to evolve.

Interconnection Service

- Define and establish a *generic* interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor

At this juncture, the ISO recommends that the ISO and Participating Transmission Owners (PTOs) develop and offer one form of interconnection service. That is, the ISO would develop a “generic” form of interconnection service that would allow each new Generator to specify the *level* or *quality* of interconnection service it desires, based in part on the level of transmission upgrades it is willing to *sponsor* as part of its interconnection request. Thus, the ISO would not define and offer “Network Resource Interconnection Service” as explicitly defined and proposed by FERC. The ISO may later define and establish such a service once the state has defined its rules for capacity resources and associated requirements.

The significance of this position is that the ISO will offer to Market Participants the *flexibility* inherent in the two-service approach proffered by FERC. Moreover, it will allow the ISO to defer having to represent the comprehensive benefits of – and develop and implement all of the associated policy changes and ISO Tariff amendments that would be necessary to facilitate - “Network Resource Interconnection Service,” as that service and construct is defined under the FERC rule (i.e., resources that are fully integrated into the system). Any such characterization at this time would be premature until the California Public Utilities Commission (“CPUC”) and, more generally, the state, establish a state resource adequacy requirement or framework. Such a framework would hopefully clarify the type and nature of the resources necessary to satisfy the state’s procurement rules and, related to that, whether those resources are “deliverable” (i.e., whether, under a specific set of conditions, the energy – at full output - from a resource can be delivered to load).

Alternatively, should the ISO proceed to offer “network” service, the ISO would, by necessity, be required to more broadly explain or define what it means to be a Network Resource, which, as discussed above, would be premature and problematic without knowing the salient features of an underlying resource adequacy program.

Deliverability

- Define, for purposes of studying interconnection requests, a generic *deliverability* standard

Notwithstanding the ISO's preliminary position outlined above regarding not providing Network Resource Interconnection Service, the ISO does recommend that a "deliverability" standard be defined. That is, the ISO would proceed to define the set of study parameters (e.g., system conditions, resource assumptions, etc.) necessary to assess whether a resource – at full output – can deliver its output to load (either on a system-aggregated basis or on a more localized basis). However, the ISO would not *require*, as FERC does in defining the requirements of its proposed Network Resource Interconnection Service, that deliverability be an inherent element of its "generic" interconnection service, i.e., that Generators fund the upgrades necessary to integrate their resource in a manner comparable to other *network* resources.

At this juncture, the ISO recommends that the "deliverability" standard inherent in FERC's rule be the starting point for establishing the quality of the "generic" interconnection service that the ISO would offer. Specifically, for Network Resource Interconnection Service, the FERC rule outlines a System Impact Study process wherein the ISO would

"...study the Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load, thus allowing the Generating Facility to qualify as a Network Resource".

By defining deliverability, the ISO can then offer Market Participants a *benchmark* from which to assess their "deliverability risk" when scheduling a unit's output to the aggregate of load. While the ISO would not *require* that resources be deliverable, the ISO would enable Market Participants to assess and elect a level of interconnection service that will provide them greater assurances that they could satisfy future established requirements for "network" resources, i.e., resources that satisfy the state's requirements for *capacity* resources. Obviously, any definition of deliverability ultimately adopted and employed by the ISO may have to be revisited (redefined) once the state establishes specific requirements for capacity resources.

Payment for Interconnection Facilities and Network Upgrades

- If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a *credit* – as defined by FERC – or, if applicable, financial *property rights* in the form of FTRs/CRRs.

A key issue for resolution with respect to the interconnection process is the cost-responsibility for Network Upgrades, be they reliability or deliverability related. (With respect to Interconnection Facilities/Direct Assignment Facilities, there is no disagreement that the Generator is responsible for the cost of these facilities,

without being entitled to receive financial credit or FTRs/CRRs in return for such costs; the Generator would have to rely on its market revenues for recovery of such costs.)

A prerequisite for determining cost-responsibility is, of course, determining who benefits from new transmission facilities. In FERC's view, the benefits from the addition of any Network Upgrade accrue to all users of the system and thus, fundamentally, all load served off of the system. Therefore, in the absence of clearly defined property rights, while FERC allows or provides that Generators can be required to initially *fund* a Network Upgrade, the Transmission Owner/Provider must refund all costs (including interest) within five years. In the end, therefore, ratepayers (load) pay for the Network Upgrade costs as the Transmission Owners include the costs of the facilities in their transmission rate base and revenue requirement. However, in instances where there are clearly defined property rights (most likely financial), FERC has allowed or permitted Transmission Owners to require new Generators to pay for Network Upgrades. The ISO understands that this is the policy in place currently in PJM.

At present, the ISO can only offer clearly definable property rights – Firm Transmission Rights – over its established Inter-Zonal Interfaces. Thus, under most circumstances where a new Generator is interconnecting to the system, the ISO is unable to provide FTRs (i.e., because the impacted transmission facilities are intra-Zonal facilities). Thus, under both FERC's existing as well as proposed policy, it appears that under most circumstances the ISO/PTOs will be required to provide a *credit* to Generators that fund Network Upgrades.

Based on this assessment of the circumstances, the ISO is prepared to support a policy wherein Generators fund, if the Transmission Owner chooses not to, all Network Upgrades necessary as a result of their interconnection, but receive either *credits*, or, if applicable and elected by the Generator, existing property rights (at present, FTRs, and in the future, Congestion Revenue Rights or "CRRs").

On a long-term basis, once there are clearly defined property rights associated with new transmission investments, the ISO envisions *only* offering property rights as compensation for funding the transmission upgrades associated with new Generator interconnection requests. One exception to this concept would be in circumstances where there are no assignable property rights (e.g., circuit breakers and other primarily reliability-driven upgrades where there is not an increase in transmission transfer capability).

Economic (Cost/Benefit) Analysis

- The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

The ISO supports development and application of a cost-benefit test or evaluation for purposes of determining the beneficiaries of, and cost-

responsibilities for, the Network Upgrades associated with new interconnection requests.

The ISO's rationale for supporting such an analysis is to, in part, mitigate concerns about "uneconomic expansion" of the transmission system. As the ISO has repeatedly stated throughout FERC's rulemaking process, the ISO is concerned that FERC's proposed crediting policy may undermine or moot the locational price signals the ISO is otherwise attempting to establish with respect to use of the transmission system (e.g., locational marginal prices). Specifically, the ISO is concerned that new generators may be indifferent to the impact on the grid from their interconnection if they receive a complete refund of the monies necessary to fund the required upgrades and, in the end, ratepayers pay for the upgrades. On a long-term basis, this issue should be addressed once there are clearly-defined property rights associated with new transmission investments and thus individual investors (new generators in this case) will face the consequences of their investment decisions. However, in the interim, prior to the development of such property rights and in acknowledgement of FERC's established crediting policy, the ISO supports conducting an "economic" analysis of the transmission upgrades necessitated by new interconnection requests. As a general matter, the ISO supports the approach outlined in the ISO's October 1, 2003, White Paper, referred to as the "*Optional Uneconomic Network Upgrade Test*." As described in the White Paper, the objective of performing such an analysis would be to determine the extent of the benefits resulting from an upgrade and using that as a *de facto* cap on the level of credits offered to the Generator. In instances where the costs of the upgrade exceed this cap, the Generator would receive, if applicable, the associated property rights.

The ISO does not support development and application of a specific "economic methodology" at this time. Instead, the ISO proposes to establish general guidelines for such an analysis and specifically reserve the flexibility to study appropriately each proposed transmission upgrade or project.

Reliability and Deliverability Upgrades

At this juncture, the ISO recommends retaining the distinction between reliability-driven and deliverability-driven Network Upgrades. The ISO recommends retaining such a distinction because Reliability Upgrades define the minimum upgrades necessary to interconnect any new Generator's unit to the transmission system. That is, regardless of the *level* of interconnection service elected above, each new Generator would be obligated to initially fund, if the applicable PTO does not, all reliability-related Network Upgrades associated with the new Generator's request. While the ISO does not offer here a detailed description of what types of upgrades/facilities constitute Reliability Upgrades, at a minimum such facilities would include all facilities identified as necessary, under a typical short-circuit analysis, to interconnect the new Generator's unit at zero output under stressed system conditions (either on-peak or off-peak, as appropriate).

On the other hand, Deliverability Upgrades represent those Network Upgrades necessary to satisfy, in whole or in part, the ISO's proposed *baseline*

deliverability test, as discussed above. These upgrades would be the transmission upgrades necessary to deliver the full output of the new Generator's unit under peak-load conditions and under stressed system conditions to the aggregate of load. (However, it is important to reiterate that even though a Generator funds and the applicable PTO constructs such deliverability-related Network Upgrades, the Generator will still be subject to the ISO's bid-based Congestion Management protocols and, on any given day/hour, may be unable to deliver the full output of its plant or unit.).

However, for purposes of further aligning these definitions with those proposed by FERC under Order 2003, the ISO would propose to establish revised definitions for Reliability *Network* Upgrades and Deliverability *Network* Upgrades.

Summary of Final Round of Stakeholder Comments on Order 2003 (Received November 20th)

General Issues

- SCE – Concerned that ISO balance between pricing and service may delay construction of some upgrades
- PG&E – ISO should proceed with its proposal even with Resource Adequacy program not yet completed
- SDG&E – ISO should proceed expeditiously to meet the filing deadline
- Calpine – Cautions against deviations from the pro forma language in Order 2003
- Oversight Board – ISO needs to coordinate with the CPUC Procurement proceeding
- SEMPRA – Concerned that ISO resists industry move towards standardization; ISO should consider requesting a time extension to make its filing due to the Resource Adequacy proceeding

Interconnection Service

- SCE – Agrees it is premature to offer Network Interconnection Service, but urges ISO to require that Delivery Upgrades that are necessary and cost effective be constructed by PTO
- PG&E – Supports ISO proposal
- SDG&E – ISO should offer only Energy Resource interconnection service
- Calpine – Generally supports ISO recommendation
- Oversight Board – Supports ISO proposal
- CDWR – Supports ISO proposal
- SEMPRA – Does not support ISO proposal

Retaining distinction between Reliability and Deliverability Network Upgrades

- SCE, PG&E, SDG&E, and Oversight Board – Support ISO proposal
- Calpine – Generally supports the concept
- CDWR – Proposed distinction should be expanded

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

- SCE, PG&E, SDG&E, Calpine, Oversight Board – Support ISO proposal
- CDWR – Property rights awarded should expire at a certain point
- SEMPRA – Supports FERC Order 2003 rules

Deliverability Test

- SCE – Agrees that ISO should work with stakeholders and CPUC on deliverability standard
- PG&E – Supports development of a deliverability standard
- SDG&E – Premature to establish a “generic deliverability standard”
- Calpine – Generally supports the concept
- Oversight Board – Agrees there should be a deliverability standard
- CDWR – Agrees
- SEMPRA – Supports the concept; deliverability should be optional

**Summary of
Final Round of Stakeholder Comments on Order 2003**

Economic (Cost/Benefit) Test

- SCE – Agrees with ISO preliminary recommendation
- PG&E – Supports ISO economic test
- SDG&E – Supports the development of general guidelines
- Calpine – Generally supports ISO proposal; suggests threshold of \$20 million or \$80/kW.
- Oversight Board, CDWR, SEMPRA – Supports

Interconnection Application and System Study Process

- Calpine – Generally supports; concerned about losing position in queue if developer agrees to modify its proposal after ISO and PTO technical review
- SEMPRA – ISO should adopt Order 2003 and proceed with minimal deviation

Other Elements/Issues

- PG&E – LGIA should designate representatives for operating communications
- Calpine – Compliance Filing should conform to pro forma procedures and agreements as much as possible
- CDWR – ISO should adopt FERC definition of Interconnection Facilities

The Following are Comments as submitted by Stakeholders

Southern California Edison Company

Date Comments Submitted: November 20, 2003
Name of Person: David Schiada
Name of Organization: Southern California Edison

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site
<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>.

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

SCE appreciates the opportunity to submit comments on the CAISO's "Preliminary ISO Positions on FERC Large Generator Interconnection Rule" paper dated October 28, 2003. In general, it appears that in its preliminary positions on FERC's Large Generator Interconnection Rule, the CAISO has attempted to strike a balance between the pricing and service policies in FERC's Final Rule and the uncertainty associated with how those policies will interface with the state's development of a resource adequacy proposal. In attempting to strike this balance, however, SCE believes that the CAISO's preliminary positions will, in essence, continue the status quo and not ensure that necessary and cost effective Delivery Upgrades will get constructed. In addition, we are concerned that the CAISO's recommendation to offer varying levels of interconnection service, at the interconnecting customer's discretion, could unnecessarily delay the processing of interconnection requests if the interconnection study procedures do not require the interconnecting customer to commit to a level of service at the appropriate time in the interconnection process. SCE provides additional comments and recommendations below to address these concerns.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

It appears that the CAISO's preliminary recommendation to establish a generic interconnection service under which an interconnection customers could elect varying levels or quality of service depending on the amount of transmission upgrades they are willing to sponsor is very similar (if not the same) to the existing interconnection service under the CAISO's current tariff. Under the current tariff, an interconnection customer is required to pay for Reliability Upgrades and can elect to pay for Deliverability Upgrades at its discretion. It appears that under the CAISO's preliminary recommendation, the same policy would apply.

While SCE agrees with the CAISO it is premature for the CAISO to offer Network Interconnection Service until a resource adequacy requirement is established, SCE is concerned that the CAISO's preliminary recommendation

will continue the status quo that is not resulting in needed transmission expansion to provide deliverability for new generation. SCE urges the CAISO to modify its preliminary recommendation to ensure that Delivery Upgrades that are "necessary and cost-effective" are identified in the interconnection studies. Delivery Upgrades that are found to be necessary and cost-effective by the CAISO should be constructed by the applicable PTO and the costs should be recovered through the TAC. The applicable PTO should be able to either fund the upgrade itself or require upfront funding by the generator and then provide credits (plus interest) to the generator.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

SCE supports the CAISO's preliminary recommendation to retain the distinction between reliability and deliverability driven upgrades.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

The CAISO preliminary recommendation states that, if necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs. SCE generally supports the CAISO's recommendation, subject to the following qualifications. First, as described in the comments on service and pricing, the necessary Network Upgrades associated with interconnection should not only include Reliability Upgrades but should also include Delivery Upgrades that are "necessary and cost-effective". Second, SCE's support is contingent upon the CAISO continuing to support its position that Generators should fund, if the Transmission Owner chooses not to, all Network Upgrades necessary as a result of their interconnection. Third, generators should receive FTRs/CRRs in the case where Delivery Upgrades are not found to be cost-effective by the CAISO (generators that fund Reliability Upgrades or Delivery Upgrades that are found to be necessary and cost-effective should receive credits if they fund such upgrades). Finally, SCE does not believe the CAISO's policy on payment for interconnection facilities and network upgrades should change post MD02.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

In this section, the CAISO proposes to define, for purposes of studying interconnection requests, a generic deliverability standard. Although the interconnection studies would identify transmission network upgrades necessary for a generator to meet this deliverability standard, the generator would not be required to pay for such upgrades (although the generator could elect to pay for such upgrades). SCE agrees that the CAISO should be working with stakeholders and the CPUC to ensure that a deliverability standard is developed as it is a necessary component of a resource adequacy requirement. However, it is unclear how generators or load-serving entities would benefit from the CAISO including a deliverability standard in its Order 2003 compliance filing with FERC given that the CPUC is addressing resource adequacy issues in its own proceeding. If the CAISO identifies network upgrades required to meet the CAISO's deliverability standard, and a generator elects to fund those

upgrades (subject to receiving credits back over five years), will the generator be able to qualify as a capacity resource under the CPUC's resource adequacy proposal? It doesn't seem like the answer to that question is known at this time. Therefore, without a fully developed resource adequacy requirement, SCE believes that resource adequacy issues, including the criteria for qualifying as a "capacity" resource and a deliverability standard, should continue to be addressed as part of the CPUC's long-term procurement proceeding with CAISO participation.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

In its preliminary recommendation, the CAISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests. SCE agrees with the CAISO's preliminary recommendation. However, SCE urges the CAISO to work with stakeholders to develop more details on these general guidelines so they can be utilized after the January 20, 2004 compliance filing. Also, SCE again urges the CAISO to revise its preliminary recommendation on service and pricing to ensure that Delivery Upgrades that are found by the CAISO to be necessary and cost-effective based on application of the general economic guidelines are actually constructed.

Interconnection Application and System Study Process

Comments:

No comments at this time.

Other Elements/Issues

Comments:

No additional comments.

Pacific Gas and Electric Company

Date Comments Submitted: 11-20-2003
Name of Person: Jason Yan
Name of Organization: Pacific Gas and Electric Company

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site
<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>.

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

CPUC Procurement Proceeding: The November 18, 2003 draft decision of ALJ Walwyn on PG&E's Edison's and SDG&E's short and long-term procurement plans leaves many of the important details of a resource adequacy proposal (including criteria for qualifying as a "capacity" resource and development of a deliverability standard) to future workshops and proceedings. Thus, it is not yet possible to determine what a resource adequacy program will look like for California or what impacts such a program will have on large generator interconnection policies or practices. PG&E believes the ISO should proceed to develop the proposals outlined in the ISO's October 28, 2003 Appendix A to the ISO White Paper and the ISO and IOUs should continue their active involvement in the CPUC's procurement proceedings to ensure that issues regarding resource adequacy and deliverability are adequately addressed.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

PG&E supports the ISO proposal to offer one generic interconnection service in which Market Participants could elect varying levels of service. PG&E strongly supports the ISO's proposal to impose, in certain limited circumstances, operating constraints on Market Participants that elect not to sponsor upgrades that are considered to be deliverability network upgrades. Further, PG&E believes that any operating constraints will need to be included in the LGIA (between the Interconnection Customer, PTO and ISO) and the PGA (between the Interconnection Customer and the ISO).

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

While PG&E supports retaining the distinction between the two types of upgrades, PG&E realizes that their definitions may need some fine-tuning. Specifically, the definition of a Deliverability Network Upgrade must refer to

the deliverability standard, which is currently being developed by multiple California parties. PG&E will discuss the deliverability standard in further detail below.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

Currently, PG&E supports providing credits/payments over a five-year period, as defined by FERC, subject to the ISO's proposed cost/benefit test for expensive upgrades and the ISO's proposal that the generator fund (i.e., not receive credits for) any uneconomic portion of an upgrade. PG&E needs more information about how providing FTRs/CRRs would be implemented in an LMP (MD02) regime before it can fully comment.

Deliverability Standard

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

PG&E supports the development of a deliverability standard or benchmark. However, PG&E does not believe that a comprehensive standard need be completed for this compliance filing, but merely referenced in ISO Tariff language and in the LGIA and LGIP. Any deliverability standard must itself be tested on the existing system and then adjusted as needed to give reasonable results before it is finalized and filed at FERC for approval.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

PG&E supports the ISO's economic (cost/benefit) test proposal and the ISO's proposal that the generator fund (i.e., not receive credits for) any uneconomic portion of an upgrade. PG&E believes that the ratepayers should only be responsible to pay (provide credits) for upgrades to the extent that such upgrades benefit them. Furthermore, PG&E believes that a cost/benefit test will encourage better siting practices among new Generators.

Interconnection Application and System Study Process

Comments:

Other Elements/Issues

Comments:

The LGIA should contain language that specifies designated representatives from the IC, PTO and ISO for operating communications. It could be an appendix or part of Article 8 of the LGIA. PG&E's current Generator Interconnection Agreement contains this information in Section 8.1.

San Diego Gas and Electric Company

Date Comments Submitted: November 20, 2003
Name of Person: Linda Brown
Name of Organization: San Diego Gas & Electric

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site

<http://www.aiso.com/docs/2003/10/01/200310011700457483.html>.

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

Although there is some overlap with the Interconnection process and the CPUC Procurement proceeding, SDG&E recommends that the ISO and PTOs continue to move expeditiously to meet the Order 2003 compliance filing deadline of January 20th, 2004. The recently issued CPUC Proposed Decision on Long-Term Energy Plans for Utilities issued on November 18th, 2003 sets forth a resource adequacy requirement that each utility will conduct in its integrated resource planning process, but at first glance appears to lack the necessary detail as to how capacity resources and deliverability requirements will be defined and applied by the CPUC. Moreover, it is unclear from the proposed CPUC decisions how the ISO would incorporate such requirements into the ISO's broader responsibilities for grid-wide reliability (e.g., which includes non-Investor Owned Utilities). As these mechanisms are better defined, the ISO's tariff language can be modified as required. Realistically, SDG&E does not see this happening for some time.

Interconnection Service

The ISO proposes to "Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"

Comments:

Absent a clearly defined resource adequacy mechanism, SDG&E believes there is no reason in the ISO's and IOUs' January 20, 2004 compliance filings to offer Network Resource Interconnection Service. Instead the ISO should offer only Energy Resource Interconnection Service but include an upgrade study methodology which allows the ISO to identify a range of upgrades (including no upgrades) that would provide the interconnecting generator with varying exposure to possible congestion costs (i.e., the more significant the upgrades, the lower the interconnecting generator's likely exposure to congestion would be). Note that there is no upgrade that will absolutely guarantee that an interconnecting generator could avoid congestion costs: Actual grid conditions will always be different than the grid conditions assumed for purposes of the upgrade studies.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

SDG&E believes it is important to maintain the distinction of reliability and deliverability upgrades. Reliability upgrades have to be built while deliverability upgrades--at the current stage of development of a resource adequacy proposal--are discretionary based on the commercial motivations of the requesting party.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

The statement as written above is too vague. SDG&E seeks clarification on what constitutes "if necessary". SDG&E generally supports the ISO's proposed crediting policy over a period up to five-years whereby generators have the option to choose either transmission credits or property rights equivalent to the network upgrades that are constructed.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

SDG&E believes that it is premature to establish a "generic deliverability standard" without a clearly defined and implemented capacity market. For example, what does it mean commercially for a new or existing generator to have established "deliverability"? Would deliverability give those generators chosen to meet a "capacity requirement" some sort of priority to grid access? Deliverability boils down to the question of who gets to use the grid when not all desired uses of the grid are simultaneously feasible without compromising grid reliability. The ISO's day-ahead, hour-ahead and/or real time markets are designed to express each users' willingness to pay for use of the grid through a bid based congestion management system. It continues to be unclear how a "deliverability" provision could be over-layed on this bid-based system.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

SDG&E continues to support a methodology that would allow a level of upgrade costs, (up to \$20 million) needed to interconnect the generator reliably to be rolled in automatically. Cost above that level should be rolled in if economically reasonable. Other upgrades, like those needed to relieve congestion, should be rolled in if the net benefits exceed the cost. We support development of general guidelines for an economic evaluation rather than implementation of a single, rigid, economic methodology.

Calpine Corporation

Date Comments Submitted: November 20, 2003
Name of Person: Linda Y. Sherif
Name of Organization: Calpine Corporation

The issues and recommendations outlined below are those identified in the ISO's "Preliminary ISO Positions on Large Generator Interconnection Rule", as issued October 28, 2003, as well as other documents posted to the following site
<http://www.caiso.com/docs/2003/10/01/200310011700457483.html>.

1. General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

The views provided here are preliminary. In the absence of proposed tariff and agreement language, Calpine cannot definitively comment on the CAISO's proposal and its compliance with the FERC Final Rule. Nothing in these comments is intended to limit or waive Calpine's ability or right to raise issues in any FERC proceeding.

As a general matter, Calpine cautions that deviations from pro forma language must be approached with the utmost trepidation. It is essential to avoid idiosyncratic regional differences that unnecessarily magnify seams issues and reduce the potential efficiencies to be gained from standardization.

Moreover, the CAISO compliance filing must ensure that all legal and contractual rights of existing generators, including QF must-take generation, will be honored.

Lastly, in order to ensure consistent state and federal action relating to a generator's interconnection, the CAISO and Transmission Owners must take regulatory positions on transmission upgrades before state licensing agencies, such as the California Energy Commission, that are consistent with the requirements of the FERC-jurisdictional large generator interconnection process. In other words, local and state agency review should not become opportunities for parties to circumvent federal law.

2. Interconnection Service

The ISO proposes to "Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"

Comments:

Calpine supports the concept of different qualities or levels of interconnection service as outlined in the FERC Final Rule. Moreover, Calpine supports the concept of "partial Network Service." In other words, Interconnection Customers should have the flexibility to select from a portfolio of Network Deliverability upgrades to ensure the selective deliverability of generation to meet only certain contractual power sale obligations or during certain time periods/seasons. In all other situations, the Interconnection Customer would be considered an "Energy Resource."

Calpine appreciates the CAISO's difficulty in formalizing two levels of interconnection service prior to the CPUC's establishment of rules for capacity resources. Calpine is encouraged that, once the CPUC procurement proceeding is completed, the CAISO plans to revisit greater CAISO Tariff conformity with the FERC Final Rule.

In the interim, the CAISO's commitment to allow each Interconnection Customer to specify the level or quality of interconnection service it desires based in part on the level of transmission upgrades it is willing to sponsor is commendable. Calpine strongly believes that Interconnection Customers should have the flexibility to select from a portfolio of Network Deliverability upgrades to ensure the selective deliverability of generation to meet only certain contractual power sale obligations or during certain time periods/seasons. Mutually agreed upon operating constraints and deliverability assurances could be contained in a three-party agreement between the Interconnection Customer, the Transmission Owner, and the CAISO.

For this flexibility to be meaningful, it is essential that Interconnection Customers be provided with information to facilitate optimal generation siting. To ensure this, the compliance filing should clarify that the following information will be provided: power flow data, operating procedures, operating nomograms, area load profiles for the local area, detailed transmission maps for the California transmission grid, and a load profile for the CAISO system. Where appropriate or necessary for national security, the information can be provided to Interconnection Customers pursuant to a confidentiality order.

When "Network Resource" (or a similar system resource) concept is defined, all generators that have not previously performed Deliverability Upgrades should be permitted to select and perform Network Deliverability Upgrades in order to obtain Network Resource status.

3. Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

Please see comments on Interconnection Service.

4. Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to "If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."

Comments:

Calpine is extremely pleased to hear that the CAISO will comply with the Final Rule and institute a five-year crediting policy whereby Interconnection Customers may choose either transmission credits or property rights equivalent to the Network upgrades that are constructed.

Calpine urges the CAISO to retain this option even after Locational Marginal Pricing (LMP) is implemented. In the interim, to ensure developer confidence sufficient to spur investment, at a minimum, the CAISO must clarify that Interconnection Customers that execute Interconnection Agreements with the expectation of receiving transmission credits will not have those credits involuntarily convert into FTRs or CRRs after LMP is implemented. Given the current uncertainty on CRRs, LMP implementation, and the development of Resource Adequacy Obligations, Interconnection Customers should be provided a grace period during which the Interconnection Customer at its option may convert its transmission credit (or FTRs) to CRRs, when and if CRRs become effective.

The Revised White Paper is silent on whether Customers may choose to receive a combination of credits and FTRs. Calpine believes that in many situations, a developer would be more willing to fund upgrades if it could select a combination of credits and FTRs, i.e. 80% credits and 20% FTRs. The CAISO is encouraged to permit such combination choices.

5. Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

Calpine is very encouraged to hear that: "The ISO is mindful of stakeholder comments about information that may be beneficial for the generator in making decisions about the most appropriate degree of network upgrades. . . . The ISO is developing a methodology for a deliverability study and invites stakeholder comments on the assumptions and parameters for such a study." (Revised White Paper at 11.)

As an initial response, in order to evaluate transmission upgrades to fund, Interconnection Customers require: power flow data, operating procedures, operating nomagrams, area load profiles for the local area, detailed transmission maps for the California transmission grid, and a load profile for the CAISO system. Where appropriate or necessary for national security, the information can be provided to Interconnection Customers pursuant to a confidentiality order.

On the more difficult issue of parameters and assumptions for a benchmark deliverability study, it is imperative that the CAISO sponsor a technical stakeholder process to permit Calpine and other parties to meaningfully provide input. Calpine is especially interested in further discussion on how the study will model (1) legacy generating units, especially in the context of heat rate dispatch; (2) RMR (Condition 1 units); and (3) RMR (Condition 2 units). A stakeholder-wide discussion on how the must-offer requirement intersects with deliverability is also needed.

6. Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

Calpine is extremely concerned about a time-consuming, bureaucratic hurdle to new investment in the form of an "Uneconomic Network Upgrade Test." Calpine is therefore very pleased to hear that the CAISO will only apply the test in situations where the Network upgrades are projected to exceed twenty million dollars. For large projects, however, this threshold test may not be fair. As a compromise, Calpine recommends modifying the threshold test to the GREATER of \$20 million dollars OR \$80/kW.

With regards to the methodology and process for the economic (cost/benefit) analysis, the CAISO should sponsor a technical stakeholder meeting focused on just this topic.

7. Interconnection Application and System Study Process

Comments:

An Interconnection Customer should not lose its queue position when it agrees to modify its proposal after (i) evaluating the information provided, including upgrades estimates; and (ii) in direct response to CAISO and Transmission Owner concerns about the Interconnection Customer's proposed generator effects in grid operation.

To facilitate optimal generation siting, Calpine further recommends that the CAISO issue an annual list of preferred generation locations throughout the CAISO Control Area, including estimates of available transmission capacity for each suggested site.

8. Other Elements/Issues

Comments:

The CAISO compliance filing should conform to the Final Rule's pro forma policy and agreements on all issues and matters not raised in the stakeholder process.

California Electricity Oversight Board

Date Comments Submitted: 11-20-03
Name of Person: Tony Lam
Name of Organization: CA Electricity Oversight Board

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

Agree that the ISO needs to coordinate the interconnection process with the CPUC Procurement proceeding.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

Agree that the ISO not define or offer a Network Resource Interconnection Service until a Resource Adequacy is developed. The EOB is concerned that a Market Participant that elects a lower quality of service that tends to increase the likelihood of curtailment could affect the deliverability of resources that previously qualified under Resource Adequacy requirements.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

Agree in retaining distinction between the two types of upgrades. The ISO should include in its evaluation of reliability upgrades the real time operational concerns caused by increased congestion that may occur with new generation.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes: *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

Agree. However, crediting should require that a cost/benefit analysis be completed to ensure that the upgrade results in net benefits to the transmission system.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard."*

Comments:

Agree that there should be a deliverability standard. The standard should be used to determine what level or quality of interconnection service a new generator can qualify for without transmission upgrades.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

If an upgrade fails the criteria of this analysis, then the applicant should only receive CRRs for upgrades so that other users of the transmission system don't end up paying for upgrades for which they receive no benefit. If only part of a transmission upgrade passes the criteria, then that portion could be allowed a credit or CRR, at the applicant's option. These principles might also apply to reliability upgrades, such as when the interconnection might require a lot of equipment to be replaced for reliability at one location versus another location.

Interconnection Application and System Study Process

Comments:

Other Elements/Issues

Comments:

California Department of Water Resources State Water Project

Date Comments Submitted: November 20, 2003
Name of Person: David Bonaly
Name of Organization: Department of Water Resources, State Water Project

General Issues

(e.g., interrelationship between Interconnection process and CPUC Procurement proceeding; comments on ISO Governing Board-FERC compliance process)

Comments:

No comments.

Interconnection Service

The ISO proposes to *"Define and establish a generic interconnection service under which Market Participants could elect varying levels or quality of service, depending on the level and amount of transmission upgrades they are willing to sponsor"*

Comments:

The SWP supports varying levels of interconnection service but would like a clarification of the term "generic" in reference to interconnection service.

Retaining distinction between Reliability and Deliverability Network Upgrades

Comments:

No. The distinction between Reliability and Deliverability should be expanded to include that Delivery must be considered for upgrades and new connections that want full network service. Reinforcements or upgrades must be paid for by the new connecting entity or generation.

Payment/Pricing Policy for Interconnection Facilities and Network Upgrades

The ISO proposes to *"If necessary, Generators will be required to fund Network Upgrades necessary as a result of their interconnection but in return receive either a credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs."*

Comments:

FTRs/CRRs are designed to offer load a hedge against transmission and congestion costs. Assigning FTRs or CRRs to generators conflicts with the purpose of the upgrade itself. The purpose of upgrades is to relieve congestion and not create CRR revenues for interconnecting generators. If FTRs or CRRs are issued for transmission upgrades, the revenues generated by the FTR/CRR should be tracked. Once the revenues collected are equivalent to the cost of the transmission upgrade, the CRR/FTR associated with the transmission upgrade should expire.

Deliverability Test

The ISO proposes to *"Define, for purposes of studying interconnection requests, a generic deliverability standard"*

Comments:

The SWP believes this is acceptable as the ISO cannot study every possible permutation of delivery.

Economic (Cost/Benefit) Test

The ISO supports development and application of general guidelines for performing an economic evaluation of transmission upgrades associated with new Generator interconnection requests.

Comments:

The State Water Project supports the development and application of an economic analysis for evaluating transmission upgrades. One benefit of an economic analysis is that it functions to limit uneconomic expansion of the transmission grid when siting generators

Interconnection Application and System Study Process

Comments:

No comments

Other Elements/Issues

Comments:

Direct Assignment Facilities are not transmission facilities. Defining Direct Assignment Facilities in the ISO Tariff Amendment 39 as transmission facilities conflicts with the FERC definition for Interconnection Facilities. The SWP proposes that the ISO adopts the FERC definition of Interconnection Facilities. This would also provide a clarification for where the point of interconnection is located.

Sempra Energy Global Enterprises

Date Comments Submitted: November 20, 2003
Name of Person: Barbara Clemenhagen
Name of Organization: Sempra Energy Global Enterprises

Pursuant to the November 14, 2003 Market Notice, Sempra Energy Resources ("SER") hereby submits the following comments in response to the CAISO on Order No. 2003 and the elements proposed by the California ISO for its January 20, 2004 Compliance Filing to the Federal Energy Regulatory Commission ("FERC").

I. Comments

General Issues

SER is concerned that after three years and innumerable meetings, conferences and working papers on Generation Interconnection the CAISO continues to resist the industry's movement towards standardization and, more recently, the rules established in FERC's Order No. 2003. The Order No. 2003 rules are the product of extensive stakeholder efforts and contributions, which included the CAISO. Order No. 2003 is well considered and superior to any California-only rules or nomenclature that the CAISO may propose to establish in a limited 3-month stakeholder process in which participation has been limited at best. That being said, SER is aware that certain Order No. 2003 rules have less relevance in this transitional market and it is likely that the nature and worth of a "network resource" will only be revealed through contractual valuations and/or the creation of a capacity market.

On November 18, 2003, California Public Utilities Commission ("CPUC") Administrative Law Judge Walwyn issued a Draft Decision (Interim Opinion) and concurrently Commissioner Peevey issued an Alternate Draft Decision under CPUC Rulemaking 01-10-024. 1 Both Drafts provided some illumination on the CPUC's perspective regarding future resource adequacy requirements; however, Commissioner Peevey's alternate establishes a reserve requirement for utilities' retail customer load only, and requests that the ISO, working with the CPUC, set overall planning reserves at the same level (17 percent) for other non-IOU load-serving entities. The inconsistent drafts have left significant uncertainties regarding how expansive the final rule will be on the resource adequacy issues. For example, the CPUC's draft decisions are unclear with regard to the CAISO's role in creating a robust resource adequacy forward market or strictly market reserve/adequacy assessment and evaluation. The CPUC's December 10th workshop should elucidate certain outstanding issues; however, SER is not confident that implementation issues related to the deliverability and capacity elements required to implement Order No. 2003 will be resolved by a single workshop.

SER, however, continues to believe that California's state agencies should continue to promote an expeditious increase in the CAISO's role in determining the State's forward resource adequacy market. Rather than expend limited 1 Order Instituting Rulemaking to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development resources on drafting temporary tariff language to comply with Order No. 2003, the CAISO should consider whether it would be more efficient and expedient to seek FERC approval for an extension of time to accommodate the CPUC's pending process and potential resolution of a long-term resource adequacy plan for the State. This will allow the CAISO to make a compliance filing that reflects the robust dialogue that formed Order No. 2003 and the "regional" differences that may justify a limited, tailored deviation from Order No. 2003's standardized requirements. In the interim, the current CAISO tariff (Amendment 39) procedures could remain in place.

Interconnection Service

SER does not support and considers the CAISO's "generic" service a poor substitute for a comprehensive Order No. 2003 compliance filing. Additionally, the CAISO's proposed justification for filing differences is not in the spirit of the FERC's intention to accommodate ISO/regional differences. If, however, the CAISO chooses to file temporary tariff language on January 20, 2004 as a transitional measure pending issuance of greater guidance from the CPUC regarding a final resource adequacy rule, the CAISO should advise FERC of the circumstances necessitating a temporary tariff and must demonstrate that the proposed implementation differences are superior to implementing Order No. 2003 until the CAISO determines the deviations that are necessary to address California-specific market issues.

The CAISO's "generic" interconnection service tariff filing will draw on the FERC process along with the current California-specific stakeholder dialogue to establish the criteria for upgrades for generation interconnection and determine the nature of "regional" differences that necessitate deviation from Order No. 2003. The FERC clearly stated that the Order No. 2003 criteria were to be established by the Regional State Entity (RSE) and employed by the "independent" entity. Setting aside the independence issue, California has yet to establish an RSE. Thus, it seems premature to consider deviation from Order No. 2003 rules.

The CAISO's current position seems to be offering an equivalent interconnection service with optional levels of interconnection service; a "Network" level is inherently included in the proposed "generic" service. SER understands the dichotomy; the State resource adequacy program is the horse to the proverbial cart. If the CAISO finds that a tariff filing is necessary, SER believes that every accommodation should be made to mirror the definitions and procedures in Order 2003. A faithful interpretation of Order 2003 with limited deviation to accommodate this transitional period should be the easiest to implement and result in the least issues when the final resource adequacy decision is made for the State. Furthermore, SER believes that California is best served by a single CAISO Generation Interconnection tariff rather than a CAISO tariff and three IOU conforming tariffs.

Payment/Pricing Policy for Upgrades

In the case of crediting or rights for upgrades, SER supports the FERC Order No. 2003 rules. If the Generator funds Network Upgrades that are identified and justified as a result of their interconnection, then the generator should receive either a refund or credit – as defined by FERC – or, if applicable, financial property rights in the form of FTRs/CRRs.

Deliverability Test

SER supports the CAISO's proposal to "Define, for purposes of studying [network service] interconnection requests, a generic deliverability standard". However, SER believes that the CAISO cannot develop such a definition in isolation and without a commitment to cooperate in a reasonable and timely manner from all state agencies that may need to review and/or approve deliverability related upgrade. The CAISO needs to engage stakeholders in a dialogue to develop fair and reasonable deliverability standards in concert with the regional dialogue on resource adequacy to determine the best means by which it can resolve issues and meld the requirements related to deliverability, resource adequacy, regulatory comity, and Order No. 2003 in California's energy market. The deliverability standard is unnecessary until the implementation of a resource adequacy standard. In any case, deliverability should be optional and market participants should be able to choose their level of Interconnection service.

Economic (Cost/Benefit) Test

SER supports the CAISO working with stakeholders to develop guidelines for workable methodologies for performance of economic evaluation of network upgrades associated with new Generator interconnection requests. Although, it may be impractical to develop a single, rigid, economic methodology that would apply in all cases market-wide, guidelines would be helpful. SER supports the current tariff language that allows the flexibility for any party to sponsor/present a cost-benefit analysis and associated recommended transmission upgrades.

Interconnection Application and System Study Process

The CAISO should adopt the Order No. 2003 Large Generator Interconnection Procedures ("LGIP") and propose to deviate from the LGIP only in those circumstances that justifiably address California-market specific issues in a manner superior to implementing Order No. 2003.

II. Conclusion

WHEREFORE, for the reasons explained above, SER respectfully submits these comments to the CAISO on Order 2003.

Respectfully submitted,
☐ *Via email*
Barbara L. Clemenhagen

Dated: Thursday, November 20, 2003

ATTACHMENT O

Opinion on Large Generator Interconnection Rule
by
Frank A. Wolak, Chairman; Brad Barber, Member;
James Bushnell, Member; Benjamin F. Hobbs, Member
Market Surveillance Committee of the California ISO

January 7, 2004

Summary

We have been asked to comment on proposals for cost recovery of transmission upgrades necessitated by the interconnection of new large (units greater than 20 MW) generation facilities. Refunding the costs of transmission upgrades undertaken to interconnect new generation facilities can create perverse incentives for site choices by new generation units that introduce market inefficiencies and increase the delivered price of electricity to final consumers. Assigning the obligation to undertake transmission upgrades to new generation unit owners and refunding the costs of these upgrades should only be a stopgap measure for ensuring sufficient transmission capacity to serve demand reliably. For this reason, we urge the California ISO (CAISO) to use a conservative definition of what constitutes a necessary upgrade for a new generation unit to interconnect. Over the longer term, we recommend that the CAISO move away as quickly as practicable from an approach that uses new generation entry decisions as a primary driver of transmission upgrades.

Transmission upgrades with economic benefits spread over large geographic areas are best handled in the context of a state or regional planning process that is coordinated with the relevant state regulatory bodies, rather than through the decision of a single new facility to interconnect. The CAISO has developed a comprehensive transmission planning evaluation methodology which they are in the process of applying to several proposed transmission upgrades. We strongly urge the CAISO and California Public Utilities Commission (CPUC) to work together as quickly as possible to adopt a common methodology for assessing the economic benefits of transmission upgrades in a wholesale market. By relying primarily on refunds of generation owner-financed expansion to construct its transmission network, California risks constructing a network that is both more expensive and less reliable than is necessary.

Background

In July 2003, FERC issued Order 2003, which establishes procedures and agreements for new generation units greater than 20 MW (large generators) to interconnect and establishes a recommended pricing policy for new interconnections. FERC has given regional ISOs and transmission organizations considerable flexibility to develop regional policies. In response to this ruling, the CAISO has proposed a policy regarding large generation interconnection, whereby generators are provided a five-year

credit for costs incurred for “reliability” and “deliverability” upgrades associated with the connection of a large generator.

The MSC discussed the large generation connection issue at its November 18, 2003, meeting in Folsom. In addition, the MSC held a public conference call soliciting input from stakeholders on December 8, 2003. During that call, several stakeholders expressed concerns about (1) the ambiguity of what constitutes a “deliverability” upgrade and (2) the CAISO’s intended long-term move to allocate CRRs to generators who make qualifying transmission upgrades. These concerns are also reflected in the written comments provided to the CAISO. We address these and other issues below.

Types of Transmission Upgrades and How Pay For Them

For the purposes of this opinion, it is useful to make the distinction between four types of transmission upgrades:

- (1) Dedicated facilities needed to connect a new generation unit to the shared transmission network,
- (2) Upgrades of the shared transmission network that a new entrant would find privately profitable to undertake and pay for because they raise the price of power at the entrant’s location,
- (3) Upgrades of the shared transmission network where the difference between the private and social benefit of the upgrade is extremely small, and
- (4) Upgrades of the shared transmission network where the difference between the social benefit of the upgrade and the private benefit of the upgrade is substantial.

These four categories of transmission upgrades are not mutually exclusive. They are, however, useful for clarifying the perverse incentives that can be created by the refund process.

We do not see a case for refunding the cost of upgrades for facilities only used by the new entrant. Dedicated facilities only used by a single market participant should be paid for by that market participant. In a wholesale market with locational marginal pricing (LMP), refunding the second type of transmission upgrades would amount to paying a new entrant to do something that it would do without a refund. Even though there is little reason to refund the cost of these upgrades, there is a case to be made for awarding congestion revenue rights (CRRs) to the new generation entrant to preserve the benefits it obtains from the upgrade in the face of future entrants and load growth.

The third and fourth types of upgrades are mutually exclusive. The most likely example of the third type is a radial upgrade that primarily affects one market participant, and doesn’t preclude other, potentially more beneficial additions later on. Our view is that given the current configuration of the transmission network and the location of existing generation units in California, the majority of the transmission upgrades will fall into the fourth category. Moreover, for these upgrades, the difference between the benefits to all market participants and the benefits to any single market participant are

likely to be large. For this reason, we believe that most transmission upgrades should be dealt with through a coordinated transmission planning process led by the CAISO with the close cooperation of the CPUC and other relevant state agencies, such as the California Energy Commission.

This process should proactively undertake all economically viable upgrades—all of those upgrades determined to have expected benefits in excess of the expected cost. The costs of these upgrades are recovered from the transmission access charge paid by all load in CAISO control area. Under the rare circumstances that the private benefits and social benefits of an upgrade do not differ significantly, the cost of this upgrade should be recovered only from the generator or load that benefits from the upgrade.

This coordinated process between the CAISO and relevant state agencies should not preclude market participants from undertaking and paying for upgrades they find privately profitably. We do not recommend refunding the cost of these upgrades. However, as discussed above, the CAISO should award CRRs to preserve the private benefit the market participant receives from this upgrade against future entrants and load growth.

Incentive Problems that Arise from Transmission Credit Provisions

We are most concerned with the perverse incentive effects resulting from the credit-back policy for large generator interconnection. As proposed, costs incurred for the upgrade of transmission facilities are not borne by generators. Because the costs of these transmission network upgrades are ultimately borne by consumers, the new generation entrants will choose where to locate based only on non-transmission criteria such as access to fuel sources and cooling water. This threatens to skew siting decisions. Under a credit-back policy, all transmission costs but those required to directly connect the generator to the bulk transmission grid will be socialized to all users of the network.

A policy of socializing the costs of transmission upgrades instigated by the connection of a new generation plant creates serious incentive problems. One of the key benefits of LMP, which FERC itself has touted, is the improved incentives for the location of new facilities that produce or consume electricity. Those consumers locating in areas into which it is difficult to transmit electricity would pay higher prices. Those producers locating in areas with a glut of supply would earn lower prices.

A policy of subsidizing transmission upgrades under the rubric of interconnection can severely weaken the locational incentives provided by LMP. A generator locating in an area glutted with generation capacity could finance an upgrade that would allow it to sell power in other regions, and then have these upgrade costs ultimately refunded to it by all users of the network. The inequity of allowing large new production facilities to recover the costs of making their power deliverable to other regions is clear if one considers a symmetric policy for consumers, in which large consumers of electricity would be given the opportunity to recover from other consumers the costs of making their power imports less expensive.

Using a credit-back policy as the primary means for upgrading the regional transmission network can introduce market inefficiencies that unnecessarily increase the total cost of serving California electricity demand. Consider the following two options to serve increment to demand: (1) existing generation at a cost of \$40/MWh, and (2) new generation at a cost \$38/MWh to generate the power and another \$5/MWh to pay for new transmission to deliver the power to the load. From the consumer welfare perspective, the new generation option will cost \$43/MWh to serve the load and is therefore more costly than existing generation. However, under a credit-back regime, the investor in new generation capacity only sees the \$38/MWh cost. Moreover, its artificially lower cost enables the new capacity to undercut the bid price of the existing generation unit in the energy market. Consequently, under the credit-back scheme, the new entrant would find it privately profitable to enter and build the needed transmission upgrade, even though this will not result in the least-cost solution for serving final demand.

Credibility Problem with CAISO's Cost-Benefit Test

The CAISO has proposed a cost-benefit analysis for grid expansions that are associated with new generation to determine the amount of refunds due to a market participant. This cost-benefit analysis is required before going forward with any grid substantial (a cost greater than \$20 million) grid expansion.

While we believe that a forward-looking cost-benefit should be part of the comprehensive methodology for determining transmission upgrades described above, our concerns about the CAISO's proposed cost-benefit test for supplier-initiated upgrades relates to its use in determining the refund amount a market participant is entitled to or whether a proposed upgrade is allowed to move forward. While well intentioned, as we have stated in previous opinions, cost-benefit assessments must adequately account for the substantial uncertainty inherent in the many forecasts and behavioral assumptions that such analyses rely upon. Moreover, if the CAISO denies refunds to a new entrant on some or all of the cost of a proposed grid expansion using the results of such an analysis, we are skeptical that this partial or full denial of a refund would be upheld on appeal to FERC. Similar logic applies to the case where CAISO prohibits a supplier from going forward with a transmission upgrade based on the results of a cost-benefit analysis. We believe that FERC will find it extremely difficult to refuse a refund to a supplier for a transmission upgrade if the CAISO has a policy of refunding transmission upgrades undertaken as part of the new generation interconnection process.

Consequently, we believe that a CAISO policy of allowing refunds for transmission upgrades only up to the amount of the economic benefit effectively amounts to a policy that refunds the total cost of the transmission upgrade. This is another reason why we do not favor a refund policy.

If, as we recommend, generators receive no reimbursement or only CRRs for their interconnections, there is no need for cost-benefit analyses by the CAISO for generator sponsored-upgrades (type 1 and 2 upgrades). The reason is that, in the absence of negative spillover effects for the system as a whole, the total system benefits will be at least as much as the generator's benefits, while the generator will be bearing the cost. Consequently, system net benefits for an improvement will be at least as much as

generator net benefits and can be assumed positive if the generator is willing to pay its cost.

Problems with Defining Deliverability

During the December 8, 2003, public conference call several participants stated that it is very difficult to define the concept of “deliverable” power within the context of a wholesale electricity market. We believe that the most useful notion of “deliverability” is an economic one: a supplier’s energy is “deliverable” if the bid associated with this quantity of energy is accepted by the spot market operator.

Outside of the economic context, the notion of deliverability of energy from a specific generation unit is inherently ambiguous because it depends on the configuration of the transmission network, the operating decisions of all other suppliers, and the method used to manage transmission congestion. Specifying “deliverability” as the physical ability of a prospective new entrant to inject into the network a certain fraction of the total energy expected from a proposed new unit under a certain set of demand levels, operating levels for other generation units, and levels of available transmission capacity does not solve this ambiguity because the choice of these conditions is itself arbitrary. Regardless of the “deliverability” standard an ISO might impose on new generation units, if at the time the system is dispatched, this unit’s bid to supply energy is accepted by the market operator, its energy deliverable.

Consequently, unless a new entrant receives some additional benefit from upgrading the transmission network to satisfy a pre-specified deliverability standard for the energy it expects to supply from its new generation unit, the new entrant will have little incentive to undertake anything but the minimum amount of upgrades necessary to sell into the wholesale market. This explains the success of the PJM transmission upgrade process whereby new entrants that upgrade the transmission network to satisfy certain deliverability criterion set by the PJM ISO are deemed able to sell their generation capacity in the installed capacity market.

California does not currently have an installed capacity market. Therefore, the financial benefit accruing to a new entrant that satisfies the deliverability standard set by the CAISO is limited in the absence of a credit-back or CRR granting policy. Under the credit-back policy, a new entrant in California would voluntarily undertake the second type of upgrades described above, because these are privately profitable without a refund. However, because a supplier is promised no more than a refund of the cost of the transmission upgrade, we do not believe that new entrants will voluntarily undertake upgrades that are not privately beneficial.

Consequently, an interconnection policy that assigns the obligation to undertake significant system-wide upgrades to new entrants may discourage new entry, unless the refund process compensates new entrants for all of the costs of undertaking these upgrades.

One should not conclude from the above discussion that California must therefore establish an installed capacity market. We only note that the success of a transmission

expansion process that requires new entrants to construct transmission upgrades to satisfy a deliverability standard relies heavily on these new entrants receiving some compensation beyond a refund of their costs for construction of the new transmission facilities. For this reason and the incentive problems previously discussed, we strongly prefer a proactive transmission upgrade process as described below

Absent a formal installed capacity market, the major factor in a supplier's decisions to upgrade the transmission network is the cost to deliver power from where its generation units are located to where its demand is located. This cost is directly reflected in the difference in the LMPs at the two locations. Thus, the act of upgrading the transmission network surrounding a given facility is equivalent to increasing the facility's value (or the market price that can be earned by that facility). However, in a looped transmission network, this upgrade can confer significant benefits to many other market participants.

If it were not for the many institutional and economic complications that cause substantial friction in the process of grid investment (lumpiness, both positive and negative externalities associated with a given transmission upgrades, environmental obstacles in the siting process, and other political concerns), LMPs should provide a strong signal to spur transmission investments in the locations where transmission upgrades create the largest economic benefits. However, these complications are very real, and a system that relies upon market prices alone to spur private investment in the network risks an environment of chronic under-investment. Thus because of substantial difference between the benefits to any single market participant and the market at large associated with virtually all upgrades in a looped transmission network, the intervention of a public planning process is inevitable.

However, this intervention should not be conducted piecemeal-fashion in the context of individual connections. In addition to the serious incentive problems described above, such an approach would likely result in a planning process concerned with the location of individual trees, rather than the whole forest. This would be a balkanized approach that could result in the planning in one step reversing the results of the investments made before it. A more coordinated approach is needed.

The Need for a Pro-Active Transmission Expansion Policy

To avoid haphazard expansion of the transmission network, public agencies must take a proactive role in planning and expanding the grid process. Because no single state agency has jurisdiction over the entire transmission network, this process will require coordinated action across a number of state agencies. The CPUC and California Energy Commission should be the major players in this planning process. However, they are not the only players, because the CPUC does not have authority over the municipal utilities or federal power authorities. As the operator of the state's transmission network, the CAISO may be best positioned to coordinate this process, in cooperation with other transmission operators in the WSCC.

The cost-benefit methodology proposed by the CAISO should form the foundation for this process. Such an analysis would allow California to spend its limited

resources on the grid expansions that would provide the most benefit to all users of the grid. This is particularly important as we move to a world with LMP, because an expanded grid will afford more opportunities for competition between generators.

In the long term, the CAISO envisions awarding CRRs to generators that pay to upgrade the grid in order to connect a new generator. However, this CRR allocation process must balance the goal of protecting loads from congestion charges against the goal of allowing generators that pay for an upgrade to preserve the benefits provided by this upgrade into the future. Awarding CRRs has important advantages compared to the credit-back proposal; in particular, it forces generators to weigh the costs of transmission additions against the benefits of economic access to the markets, providing an incentive to site generation where it is most economic. This incentive is most effective when a transmission improvement is of the third type of additions we defined above, such as radial improvements benefiting a single participant. .

However, in a looped transmission network, most transmission upgrades that are economically beneficial to the system would not meet these conditions and therefore belong to our fourth type. Furthermore, we share the concern, expressed by several stakeholder groups, that the awarding of CRRs to generation could create operational and coordination problems associated with running the grid. In particular, PTOs will be required to maintain a portion of the grid that it neither designed nor potentially owns.

We believe that the vast majority of transmission investment should be the result of a proactive and coordinated expansion of the transmission grid. Generator-sponsored upgrades should, of course, not be prohibited, but neither should they be favored by granting refunds to the new entrant that pays for these upgrades.

It is important to emphasize that a sequential generator-led transmission expansion policy is likely to produce a grid that provides the greatest opportunities for these suppliers to profit by shifting transmission costs to consumers and creating a transmission network that benefits their generation units. Because of the refund policy, consumers must ultimately pay for the cost of this network as well. Therefore, under a credit-back scheme for transmission expansion, consumers could end up paying too much both in terms of the cost of building out the transmission network and in terms of resulting price of wholesale electricity.

We realize that a proactive and coordinated process for grid planning would rely on uncertain economic benefit-cost studies and assumptions about what sort of generation additions are desirable and expected in the future. Although there are large uncertainties, a proactive and coordinated planning process will account for the interactions, lumpiness, uncertain benefits, and external effects of transmission upgrades more efficiently than a piece-meal policy relying primarily on generation-initiated upgrades. However, the potential harm to consumers associated with under-investment in transmission is far greater than the potential harm associated with over-investment. As such, we recognize that even an imperfect transmission planning process that actually improves the network is better than a dysfunctional process that makes no investments at all.

Conclusion

When a retailer chooses to build a store in a particular location, they are not afforded the opportunity to build highways leading to their store and charge this construction to all consumers, including those that never visit their store. While the retailer might be allowed to build an access road to the existing highway, haphazard expansion of the highway system to suit the whims of retailers is clearly economically inefficient. For similar reasons, this is also the case with the expansion of the transmission grid.

Because of the incentive and efficiency problems inherent in the credit-back provision of transmission upgrades associated with new generation, we recommend that the CAISO limit the amount of transmission built under this credit-back provision. Although, we prefer to prohibit refunds for all generation-funded upgrades, we recognize that this policy is impractical if the CPUC and other relevant state agencies do not adopt a proactive transmission expansion planning process. For this reason, we recommend as a backstop that new entrants be provided with a credit for reasonably well-defined “reliability” upgrades. Particularly under a wholesale market with LMP, the CAISO should not refund “deliverability” upgrades, because providing a credit-back for these upgrades exacerbates the incentive problems with the siting of new generation as we describe in this opinion, and this would introduce significant inefficiencies in the wholesale electricity market.

A superior strategy is for the CAISO and state agencies to work together to formulate a comprehensive, proactive transmission expansion policy for California. This policy would look to build a transmission network to facilitate a workably competitive wholesale electricity market in California, where suppliers would pay for the cost of connecting to the transmission network, but virtually all remaining upgrades would be undertaken through a forward-looking statewide transmission expansion policy and paid for through a statewide transmission access charge. The credit-back approach to transmission expansion should only be used as backstop in case the state-level process fails to provide the necessary investment to support a wholesale market in California.

Finally, while we do not want to preclude privately planned and financed transmission investment with no credit-back provision, because of the looped nature of the Western US transmission network, we are skeptical that very many transmission upgrades will be financed and built through this process. Nevertheless, the CAISO’s process should not discourage a market participant from financing an upgrade of the grid that it finds privately beneficial and receive CRRs to preserve the benefits of this upgrade into the future.

ATTACHMENT P

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket No. ER04-445-_____

NOTICE OF FILING

(_____)

Take notice that on January 5, 2005, the California Independent System Operator Corporation (ISO), pursuant to the Commission's July 30, 2004 "Order Rejecting Order Nos. 2003 and 2003-A Compliance Filings," 108 FERC ¶ 61,104 ("July 30 Order"), Section 205 of the Federal Power Act, and Section 35.13 of the Commission Regulations, submitted for filing Standard Large Generator Interconnection Procedures, for incorporation into the ISO Tariff, and other proposed modifications to the ISO Tariff, in compliance with the Commission's July 30 Order.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the **eLibrary** (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date:

ATTACHMENT Q

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-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 this 5th day of January, 2005 at Folsom in the State of California.

Handwritten signature of Gene L. Waas in cursive script.Handwritten initials 'LW' circled in a hand-drawn oval.

Gene L. Waas
(916) 608-7049