



California Independent  
System Operator Corporation

May 28, 2015

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

**Re: California Independent System Operator Corporation  
Filing of Extension of Service Agreement No. 660  
Docket No. ER15-\_\_\_\_-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> submits for Commission filing and acceptance an amendment (“Amendment No. 1”) to the First Amended and Restated Participating Load Agreement (“Participating Load Agreement”) between the CAISO and the California Department of Water Resources (“CDWR”).<sup>2</sup> Amendment No. 1 extends the PLA from July 1, 2015 to November 1, 2017, without any other change. The CAISO respectfully requests that the Participating Load Agreement as extended by Amendment No. 1 be made effective on July 1, 2015.

### I. Background

The Participating Load Agreement sets forth the terms and conditions that govern the provision of ancillary services and energy by participating load resources in a manner analogous to the participating generator agreement with regard to generating resources. The purpose of the agreement is to allow load resources to participate in the CAISO’s markets. The most recent version of the Participating Load Agreement with CDWR was filed in Docket No. ER14-406-000 and was accepted by Commission letter order dated December 18, 2013.

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<sup>1</sup> The CAISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

<sup>2</sup> The CAISO submits Amendment No. 1 pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35.

**II. Amendment No. 1**

The purpose of Amendment No. 1 is to extend the termination date from July 1, 2015 to November 1, 2017 by revising Section 3.2 of the Participating Load Agreement to state that the agreement will terminate on November 1, 2017 or upon such earlier date as may be permitted pursuant to Section 3.2.3, subject to Commission acceptance of a timely notice of termination.<sup>3</sup>

**III. Effective Date and Request for Waiver**

The CAISO requests that Amendment No. 1 be made effective on July 1, 2015. The CAISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the 60-day notice requirement set forth in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), and to the extent necessary, the CAISO respectfully requests that the Commission grant any other waivers of Part 35 of its regulations that may be required in connection with the requested effective date. July 1, 2015 is the date the currently effective Participating Load Agreement will expire and no other changes to the agreement are proposed by this Amendment No. 1. Granting the requested effective date and waiver, therefore, is appropriate.

**IV. Service**

The CAISO has served copies of this filing upon CDWR, the California Public Utilities Commission, and the California Energy Commission. In addition, the CAISO has posted the filing on the CAISO website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) Amendment No. 1 (Attachment A);
- (3) the PLA as modified by Amendment No. 1 (Attachment B); and
- (4) a black-lined document showing the modifications made to the PLA pursuant to Amendment No. 1 (Attachment C).

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<sup>3</sup> The current version of Section 3.2 of the PLA contains the same provisions, except that it states that the latest the PLA will terminate is July 1, 2015.

**V. Correspondence**

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

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

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

**VI. Conclusion**

The CAISO respectfully requests that the Commission accept this filing and permit the CAISO's submittal of this Amendment No. 1 to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

**By: /s/ John C. Anders**

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General Counsel  
Sidney L. Mannheim  
Assistant General Counsel  
John C. Anders  
Lead Counsel  
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Operator Corporation  
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Attorneys for the California Independent  
System Operator Corporation

**Attachment A – Amendment**  
**CDWR Participating Load Agreement with**  
**California Independent System Operator Corporation**

1 AMENDMENT NO. 1

2 to the

3 FIRST AMENDED AND RESTATED PARTICIPATING LOAD AGREEMENT

4 BETWEEN

5 THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA AND

6 THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

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8

9 1. PARTIES: The parties to this Amendment No. 1 to the First Amended and Restated Participating  
10 Load Agreement (“Amendment No. 1”) between the California Independent System Operator  
11 Corporation and the State of California, Department of Water Resources, dated November 13, 2013  
12 (“Agreement”) are the State of California, Department of Water Resources (“DWR”) and the California  
13 Independent System Operator Corporation (“CAISO”), hereinafter sometimes referred to individually as  
14 “Party” and collectively as “Parties.”

15

16 2. RECITALS: Amendment No. 1 to the Agreement is made with reference to the following facts:

17 2.1 The Parties are signatories to the Participating Load Agreement, dated September 10, 2000,  
18 which was amended by Amendments No. 1, executed on February 6, 2006; No. 2, executed  
19 on May 29, 2008; No. 3, executed on November 16, 2009; No. 4, executed August 25, 2011;  
20 No. 5, executed March 8, 2012; No. 6, executed July 9, 2012; No. 7, executed October 30,  
21 2012; No. 8, executed April 29, 2013; No. 9, executed June 26, 2013; and the First Amended  
22 and Restated Participating Load Agreement, dated November 13, 2013.

23 2.2 By entering into this Amendment No. 1, the Parties intend to extend the term of the  
24 Agreement, from the Agreement’s current termination date of July 1, 2015, in order to  
25 continue the terms and conditions established in the Agreement; and

28

29    3. AGREEMENT: The Parties agree to modify Section 3.2 of the Agreement by replacing the existing  
30    July 1, 2015 termination date with a new termination date of November 1, 2017, as follows:

31

32                   **3.2 Termination.** This Agreement shall terminate on November 1, 2017 or upon such  
33                   earlier date made effective under Subsection 3.2.3.

34

35    4. EFFECTIVE DATE: This Amendment No. 1 shall be effective on July 1, 2015, if duly executed by the  
36    Parties, and accepted for filing and made effective by the Federal Energy Regulatory Commission  
37    ("FERC"), or on such other date as FERC may designate.

38

39    5. **EFFECT ON AGREEMENT:** Except as specifically modified in this Amendment No. 1, no other section  
40    in the Agreement has been modified, and the Agreement, as amended, shall remain in full force and  
41    effect in its entirety.

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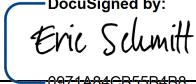
43    6. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized to  
44    enter into this Amendment No. 1 on behalf of their respective Party.

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47            CALIFORNIA INDEPENDENT  
48            SYSTEM OPERATOR CORPORATION

49            DocuSigned by:

50            By:   
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51            Name: Eric Schmitt

52            Title: VP, Operations

53            Date: 5/13/2015

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

By: \_\_\_\_\_

Name: Veronica Hicks

Title: Chief, SWP Power and Risk Office

Date: \_\_\_\_\_

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56

57            Approved as to legal form and sufficiency:

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\_\_\_\_\_  
Peggy Bernandy  
Department of Water Resources  
Staff Counsel IV  
Date: \_\_\_\_\_

42

43     6. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized to  
44     enter into this Amendment No. 1 on behalf of their respective Party.

45

46

47           CALIFORNIA INDEPENDENT  
48           SYSTEM OPERATOR CORPORATION

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

50     By: \_\_\_\_\_

By: 

51     Name: \_\_\_\_\_

Name: Veronica Hicks

52     Title: \_\_\_\_\_

Title: Chief, SWP Power and Risk Office

53     Date: \_\_\_\_\_

Date: 5-19-15

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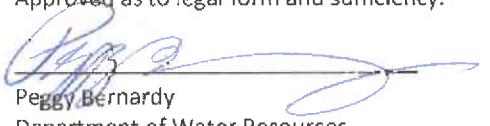
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Approved as to legal form and sufficiency:

  
Peggy Bernardy  
Department of Water Resources  
Staff Counsel IV  
Date: 5-13-15

**Attachment B– Clean Tariff Records**  
**CDWR Participating Load Agreement with**  
**California Independent System Operator Corporation**

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**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**AND**

**CALIFORNIA DEPARTMENT OF WATER  
RESOURCES  
STATE WATER PROJECT**

**FIRST AMENDED AND RESTATED  
PARTICIPATING LOAD AGREEMENT**

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**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**AND**

**CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER PROJECT**

**AMENDED AND RESTATED**

**PARTICIPATING LOAD AGREEMENT (PLA-AR1)**

**THIS AGREEMENT** is dated this \_\_\_\_\_ day of November, 2013, and is entered into, by and between:

- (1) California Department of Water Resources, acting as the State Water Resources Development System commonly known as the State Water Project, a state-owned multi-facility hydropower generation and water delivery system, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 ("DWR");  
  
and
- (2) California Independent System Operator Corporation, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom, California 95630 (the "CAISO").

DWR and the CAISO are hereinafter sometimes referred to individually as "Party" and collectively as the "Parties."

**Whereas:**

- A. DWR, a state agency charged with constructing, owning and operating the State Water Project (California Water Section 12900 et seq.), is Party to an existing Participating Load Agreement with the CAISO;
- B. The CAISO, a California nonprofit public benefit corporation charged with managing the electrical grid in the CAISO Balancing Authority Area, is Party to an existing Participating Load Agreement with DWR;

- C. Inasmuch as the current Participating Load Agreement is scheduled to terminate on November 15, 2013, the Parties wish to amend and restate the Participating Load Agreement as defined herein;

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

## **ARTICLE 1. DEFINITIONS AND INTERPRETATION**

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement and not otherwise defined shall have the same meaning as those contained in Appendix A Master Definitions Supplement to the CAISO Tariff.
- 1.1.1** “DWR’s Primary Needs” means DWR’s primary responsibilities for managing and protecting State Water Project water supplies.
- 1.1.2** “Agreement” means this Participating Load Agreement between the Parties and any amendment thereto.
- 1.1.3** “Participating Load” for the purposes of this Agreement, means those Pumped-Storage Hydro Units, Pumping Loads, and Aggregated Participating Loads identified in Schedule 1 of this Agreement.
- 1.1.4** “Participating Load Services” means the provision of services from Participating Loads as described in Sections 4.4, 4.5, and 4.6 of this Agreement, including Curtailable Demand and other eligible services that may be provided under the CAISO Tariff and agreed to by the Parties.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, provided however this Agreement, including the provisions set forth in Sections 2.1, 4.4, 4.5, and 4.6, is deemed consistent with the CAISO Tariff;
  - (b) the singular shall include the plural and vice versa;
  - (c) the masculine shall include the feminine and neutral and vice versa;

- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a Section, Article, Appendix, or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement 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;
- (g) references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time, unless the new version is inconsistent with this Agreement;
- (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement; and
- (l) a reference to DWR includes DWR acting as Scheduling Coordinator and any Scheduling Coordinator acting on DWR’s behalf.

## **ARTICLE 2. ACKNOWLEDGEMENTS OF DWR AND CAISO**

### **2.1 CAISO and DWR Responsibilities.**

**2.1.1** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria and that DWR owns and operates the State Water Project. Each Party must comply with the applicable reliability

requirements established by the Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC).

- 2.1.2** The CAISO acknowledges that DWR's obligations created by this Agreement are limited to its voluntary participation in CAISO Markets by Participating Loads, either through its submission of Bids, Self-Schedules, Self-Provided Ancillary Services, or response to Exceptional Dispatch or System Emergency obligations.
- 2.1.3** DWR acknowledges that its offer and provision of Participating Load will be in accordance with this Agreement and applicable provisions of the CAISO Tariff.
- 2.2 Scope of Application to Parties.** The Parties acknowledge that all Participating Loads for which DWR desires to submit Bids to the CAISO must be included in Schedule 1 of this Agreement. DWR warrants that it owns, operates, or has sufficient contractual entitlement to provide services from such Participating Loads in accordance with this Agreement and applicable provisions of the CAISO Tariff.

### **ARTICLE 3. TERM AND TERMINATION**

- 3.1 Effective Date.** This Agreement is effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by FERC, if such FERC filing is required, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
  - 3.1.1 Partial Effectiveness Contingency.** With regard to Participating Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority (LRA), this Agreement shall not be effective pursuant to Section 3.1 with regard to those Participating Loads' participation in the CAISO's Ancillary Services markets unless the LRA has authorized such participation.
- 3.2 Termination.** This Agreement shall terminate on November 1, 2017 or upon such earlier date made effective under Subsection 3.2.3.
  - 3.2.1 Termination by CAISO.** Subject to Section 5.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that DWR commits any material default under this Agreement and/or the CAISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the

CAISO has given DWR written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.

- 3.2.2 Termination by DWR.** DWR may terminate this Agreement by giving the CAISO not less than sixty (60) days advance written notice. In addition, DWR may terminate this Agreement by giving written notice of termination in the event that the CAISO commits any material default under this Agreement and/or the CAISO Tariff, unless such default is excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.
- 3.2.3 Termination Timeliness.** With respect to any notice of termination given pursuant to this Section 3.2, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO with FERC will be considered timely if the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within thirty (30) days after issuance of the notice of default or receipt of DWR's notice. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, provided, however, that if DWR delivers advance notice to CAISO under Section 3.2.2, DWR's obligations under this Agreement and the designation of facilities as Participating Load shall terminate upon completion of DWR's advance notice period to the CAISO, except with respect to DWR Bids or Schedules of Participating Loads, if any, made after notice of default or DWR's advance notice.
- 3.2.4 Effect of Expiration or Termination.** Expiration or termination of this Agreement shall not affect the rights and obligations of either Party that arose under this Agreement prior to its termination or expiration, even if such rights extend beyond the termination of the Agreement.

#### **ARTICLE 4. GENERAL TERMS AND CONDITIONS**

- 4.1 Technical Information for Participating Loads.** As required by Sections 8.3.4 and 8.4 of the CAISO Tariff, DWR shall provide the CAISO with all technical and operational information requested for each Participating Load designated in Schedule 1. DWR shall indicate in Schedule 1 whether the Participating Load desires to provide Ancillary Services. Pursuant to Sections 8.9 and 8.10 of the CAISO Tariff, the CAISO will test such Participating Load to determine its Ancillary Service capability and may subsequently verify, inspect, and test the

capacity and operating characteristics of each Participating Load, so long as it complies with DWR safety and security requirements.

**4.2 Metering and Communication.** Pursuant to Section 8.4 of the CAISO Tariff, Participating Loads that are Bid as Ancillary Services or Self-Provided Ancillary Services are required to comply with the CAISO's communication and metering requirements.

**4.2.1 Operating Procedures.** The CAISO shall provide DWR with CAISO Operating Procedures or other CAISO documents, when created or amended, which authorize or guide CAISO dispatchers with respect to the treatment of Participating Loads in accordance with Section 22.11.3 of the CAISO Tariff, subject to appropriate nondisclosure provisions as necessary.

**4.3 UDC Interruptible Load Programs.** DWR does not currently participate in any UDC interruptible Load programs. Due to the fact interruptible Loads are a measure by which to relieve System Emergencies and the CAISO's contractual relationship with each UDC, the CAISO will not accept, and DWR shall not submit, Bids or Self-Provided Ancillary Services from Participating Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff and agreed to in the future by the applicable UDC and CAISO.

**4.4 Notification of Changes.** DWR may modify Schedule 1 to add or withdraw Participating Loads, which in case of withdrawal will no longer be a Participating Load for purposes of this Agreement, or to change the technical information therein, and such modification shall not constitute an amendment of this Agreement. Sixty (60) days prior to such modification, DWR shall notify the CAISO of the proposed change(s). The modification to Schedule 1 is subject to CAISO verification under Section 4.1.1, and unless the tested facility fails to meet the values specified in the proposed change(s), DWR's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that DWR submits the changed information by the applicable deadline and is tested by the applicable deadline. Subject to such notification, this Agreement shall not apply to any Participating Loads that DWR no longer owns or no longer has a contractual entitlement to.

**4.4.1 Immediate Withdrawal of Participating Loads.** Notwithstanding Section 4.4 and any other provision in this Agreement, DWR may immediately modify

Schedule 1 to withdraw any Participating Loads if DWR determines that such immediate withdrawal is necessary to meet DWR's Primary Needs; provided, however, that DWR shall not Bid or schedule such withdrawn Participating Loads as Participating Load Services and any participation in the CAISO Markets by any withdrawn facility shall be settled in accordance with the CAISO Tariff. In the event of such determination and withdrawal, the sixty (60) days notification requirement in Section 4.4 shall be waived. Instead, within seven (7) days after such withdrawal, DWR shall provide the CAISO with written notice, which shall include a detailed description of the reasons for such withdrawal and, as necessary, an updated Schedule 1 identifying those facilities that are subject to the withdrawal and technical information as is necessary to document such withdrawal.

- 4.5 Dispatch of Participating Load by CAISO.** Subject to this Agreement, CAISO shall Dispatch a Participating Load by delivering a Dispatch Instruction to DWR's Scheduling Coordinator in accordance with the CAISO Tariff. Settlement of Dispatch Instructions will be in accordance with the CAISO Tariff.
- 4.5.1 CAISO's Obligation to Honor Schedules.** The CAISO shall treat Schedules submitted by DWR comparably to those of other Market Participants and consistent with this Agreement; that is, when not providing Participating Load Bids or Self-Provided Ancillary Services on any given Trading Day, DWR's Participating Load is entitled to treatment (other than provisions related to Scheduling and Settlement at Custom Load Aggregation Points) comparable to other Bids for Demand within the applicable TAC Area for that corresponding Trading Day.
- 4.5.2 Use-Limited.** DWR at its sole discretion may elect to register its Participating Loads as Use-Limited in accordance with the CAISO Tariff. If registered as Use-Limited, then such Participating Loads shall be eligible to submit Bids for Contingency Only reserves and the CAISO will not create Bids or impose any other requirement to Bid or offer services equivalent to a must-offer requirement.
- 4.5.3 Contingency Only Bids.** The CAISO shall be authorized to issue Dispatch Instructions to DWR's Contingency Only Participating Loads only in the event of an unplanned Outage, a Contingency or an imminent or actual System Emergency in accordance with the CAISO Tariff. The CAISO shall not be authorized to Dispatch Participating Load that is a Use-Limited resource and that has Bid in the CAISO Markets on a Contingency Only basis for economic or

other non-contingency reasons, provided that all submitted Bids will remain subject to the CAISO Tariff.

**4.5.3.1** The CAISO shall issue Dispatch Instructions in the market or through Exceptional Dispatch solely based on the DWR's Bids or, if not bid, through Exceptional Dispatch only upon prior consent of DWR in accordance with NERC communication reliability standards. The CAISO's Dispatch Instruction notice may not request DWR, and DWR shall not be obligated, to operate any facility in a manner that is not in compliance with Section 4.5.3 or that, in DWR's sole discretion, (1) is inconsistent with its Primary Needs; (2) is not in compliance with the provision of Participating Load Services or other communications between the Parties; (3) could result in damage or impair Participating Load facilities; or (4) may result in violation of any applicable law, regulation, license or permit.

**4.5.3.2** DWR shall promptly notify the CAISO if DWR does not intend to follow a Dispatch Instruction based on one or more of the reasons specified above. DWR must provide such notice twenty minutes prior to the requested time of service, unless the Dispatch Instruction was given less than twenty minutes prior to the requested time of providing such service, in which case DWR may notify the CAISO up to the requested time of providing such service.

## **4.6 Requirements Relating to Ancillary Services.**

**4.6.1 Bids and Self-Provided Ancillary Services.** When DWR submits a Bid or Submission to Self-Provide an Ancillary Service from a Participating Load, DWR will, by the operation of this Section 4.6.1, warrant to the CAISO that it has the capability to provide that service in accordance with the CAISO Tariff and that it will comply with CAISO Dispatch Instructions for the provision of the service in accordance with this Agreement and the applicable provisions of the CAISO Tariff.

**4.6.2 Certification.** DWR shall not submit Bids or Submissions to Self-Provide an Ancillary Service unless DWR is in possession of a current Ancillary Service certificate for such Ancillary Service pursuant to Article 8 of the CAISO Tariff.

**4.6.3 Resource Adequacy Capacity.** DWR shall submit a Supply Plan and a Resource Adequacy Plan that meets the requirements of DWR's Local Regulatory Authority to the extent permitted by the CAISO Tariff. When a Participating Load is a Resource Adequacy Resource used to meet a Resource

Adequacy obligation provided in DWR's monthly Resource Adequacy Plan, DWR must follow that plan for its Resource Adequacy Resources and may submit a Bid or Submission to Self-Provide an Ancillary Service in the Day-Ahead Market for such purpose.

- 4.7 Obligations Relating to Major Incidents.** Each Party shall promptly provide such information as the other Party may reasonably require in relation to the Party's investigations of operating situations or events, or for the Party's reporting to the authorities such as the FERC, California Public Utilities Commission (CPUC), WECC, or NERC consistent with the information sharing obligations of those authorities.
- 4.8 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of CAISO Tariff. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein; provided, however, DWR does not consent to any expansion or alteration of obligations of DWR to provide Participating Load Services to the CAISO solely by amendment to the CAISO Tariff. The Parties may expand or alter the obligations of DWR to provide Participating Load Services to the CAISO only as provided in Section 11.8 of this Agreement. In the event the CAISO Tariff is amended to be inconsistent with this Agreement with respect to Participating Load Services and the Parties are unable to resolve the inconsistency by amendment to this Agreement or the CAISO is unsuccessful in filing an unexecuted amendment to this Agreement as permitted under Section 11.8 of this Agreement, then either Party may provide notice of termination in accordance with Section 3.2 of this Agreement as though the other Party had committed a default.
- 4.9 Amendment to CAISO Tariff.** In making amendments to the CAISO Tariff that concern Participating Load Services, the CAISO will consider the impact on DWR and this Agreement.

## ARTICLE 5. PENALTIES AND SANCTIONS

- 5.1 Penalties.** If DWR fails to comply with any provisions of this Agreement, the CAISO shall be entitled to impose penalties and sanctions on DWR, including the penalties set forth in Sections 8.9.7 and 8.9.15 of the CAISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule of the CAISO Tariff provision providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the

exception of the provisions relating to the CAISO Alternative Dispute Resolution (ADR) Procedures, shall be construed as waiving the rights of DWR to oppose or protest any penalty proposed by the CAISO to the FERC or the specific imposition of any FERC-approved penalty on DWR.

- 5.2 Corrective Measures.** If either Party fails to meet or maintain the requirements set forth in this Agreement and/or the applicable sections of the CAISO Tariff, the other Party shall be permitted to take any lawful measures, including any of the measures contained or referenced in the CAISO Tariff that the non-defaulting Party deems to be necessary to correct the situation.

## **ARTICLE 6. COSTS**

- 6.1 Operating and Maintenance Costs.** DWR shall be responsible for all of its costs incurred under this Agreement for the Load identified in Schedule 1.

## **ARTICLE 7. DISPUTE RESOLUTION**

- 7.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## **ARTICLE 8. REPRESENTATIONS AND WARRANTIES**

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery, and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** DWR represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own, and/or operate its Load have been or will be obtained by DWR prior to the effective date of this Agreement.

## ARTICLE 9. LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## ARTICLE 10. UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## ARTICLE 11. MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Article 22.4 of the CAISO Tariff, provided that all references in Article 22.4 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter that may arise in connection with this Agreement. Any delay, short of the statutory period of limitations, in

asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, without reference to its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

- 11.8 Amendments.** This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms, and conditions under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, and DWR shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 11.9 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**California Department of Water Resources – State Water Project**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 1

### Technical Characteristics of Individual or Aggregated Loads Participating under Participating Load Agreement California Department of Water Resources

Name of ALMDS Facility or Individual Load	CAISO Resource ID	Present Scheduling Point  (i.e. PNode, LAP, or Custom LAP )	Capacity Available <sup>1</sup>	Minimum Operating Level <sup>1</sup> (MW)	Maximum Operating Level <sup>1,2</sup> (MW)	Decremental Ramp Rate <sup>1,2</sup> (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations <sup>3</sup>
Delta (Banks) Pumping Plant	CLAP_BANKPP_CDWR	CLAP_BANKPP	257	-275	0	25	Yes	No	Yes
Dos Amigos Pumping Plant	CLAP_DOSMGO_CDWR	CLAP_DOSMGO	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	42	-59	0	10	Yes	No	Yes
			52	-52	0	29	Yes	No	Yes
Wheeler Ridge (Teerink) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	54	-61	0	9	Yes	No	Yes
			60	-69	0	7	Yes	No	Yes
Wind Gap (Chrisman) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	110	-124	0	10	Yes	No	Yes
			128	-145	0	11	Yes	No	Yes
Edmonston Pumping Plant	CLAP_EDMONS_CDWR	CLAP_EDMONS	854	-787	0	31	Yes	No	Yes
Oso Pumping Plant	CLAP_OSO_CDWR	CLAP_OSO	72	-74	0	11	Yes	No	Yes
Pearblossom Pumping	CLAP_PEARBL_CDWR	CLAP_PEARBL	137	-145	0	15	Yes	No	Yes
Hyatt/Thermolito P/G	CLAP_HYTTHM_CDWR	CLAP_HYTTHM	933	-475	950	100	Yes	No	Yes

<sup>1</sup> Current effective values for purposes of bidding to provide Energy and/or Ancillary Services in CAISO markets may differ from those set forth in this Schedule 1, depending on the results of CAISO performance testing pursuant to Sections 8.9 and 8.10 of the CAISO Tariff.

<sup>2</sup> These values are subject to certification by the CAISO in accordance with Section 4.6.2 of the Participating Load Agreement.

<sup>3</sup> If "Yes," limitations should be specified in the Participating Load's implementation plan.

**SCHEDULE 2**  
**CAISO IMPOSED PENALTIES AND SANCTIONS**  
**[Section 5.1]**  
**TO BE INSERTED UPON FERC APPROVAL**

## SCHEDULE 3

### NOTICES

#### (Section 11.2)

##### DWR

###### Participating Load

Name of Authorized Representative For Operation Issues:

Glenn Solberg  
Chief Water & Power Dispatcher  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[gsolberg@water.ca.gov](mailto:gsolberg@water.ca.gov)  
(916) 574-2693  
(916) 296-8255  
(916) 574-0613

Name of Authorized Representative For Operation Issues:

Tuan Bui  
Supervising Engineer  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[tbui@water.ca.gov](mailto:tbui@water.ca.gov)  
(916) 574-2663  
(916) 698-8357  
(916) 574-2782

Name of Authorized Representative For Contract Issues:

Chi Doan  
Chief Power Contracts Branch  
California Department of Water Resources  
3310 El Camino Avenue, Suite LL-91  
Sacramento, CA 95821  
[chi@water.ca.gov](mailto:chi@water.ca.gov)  
(916) 574-0612  
(916) 574-0660

## CAISO

Name of Primary

Representative: Regulatory Contracts  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [regulatorycontracts@caiso.com](mailto:regulatorycontracts@caiso.com)  
Phone: (916) 351-4400  
Fax: (916) 608-5063

Name of Alternative

Representative: Christopher Sibley  
Title: Lead Contract Negotiator  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [csibley@caiso.com](mailto:csibley@caiso.com)  
Phone: (916) 608-7030  
Fax: (916) 608-5063

## APPENDIX A

### 1. NONDISCRIMINATION

During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

### 2. AUDIT

Each Party, in addition to the audit required in Section 22.1 of the CAISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.

### 3. DRUG FREE WORKPLACE CERTIFICATION

The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
  - (a) the dangers of drug use in the workplace;
  - (b) the policy of maintaining a drug-free workplace;
  - (c) available counseling, rehabilitation, and employee assistance programs; and

- (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement; and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.

**Attachment C– Marked Tariff Records**  
**CDWR Participating Load Agreement with**  
**California Independent System Operator Corporation**

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**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**AND**

**CALIFORNIA DEPARTMENT OF WATER  
RESOURCES  
STATE WATER PROJECT**

**FIRST AMENDED AND RESTATED  
PARTICIPATING LOAD AGREEMENT**

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**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**AND**

**CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER PROJECT**

**AMENDED AND RESTATED**

**PARTICIPATING LOAD AGREEMENT (PLA-AR1)**

**THIS AGREEMENT** is dated this \_\_\_\_\_ day of November, 2013, and is entered into, by and between:

- (1) California Department of Water Resources, acting as the State Water Resources Development System commonly known as the State Water Project, a state-owned multi-facility hydropower generation and water delivery system, having its registered and principal place of business located at 1416 Ninth Street, Sacramento, CA 95814-5515 ("DWR");  
  
and
- (2) California Independent System Operator Corporation, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom, California 95630 (the "CAISO").

DWR and the CAISO are hereinafter sometimes referred to individually as "Party" and collectively as the "Parties."

**Whereas:**

- A. DWR, a state agency charged with constructing, owning and operating the State Water Project (California Water Section 12900 et seq.), is Party to an existing Participating Load Agreement with the CAISO;
- B. The CAISO, a California nonprofit public benefit corporation charged with managing the electrical grid in the CAISO Balancing Authority Area, is Party to an existing Participating Load Agreement with DWR;

- C. Inasmuch as the current Participating Load Agreement is scheduled to terminate on November 15, 2013, the Parties wish to amend and restate the Participating Load Agreement as defined herein;

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

## **ARTICLE 1. DEFINITIONS AND INTERPRETATION**

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement and not otherwise defined shall have the same meaning as those contained in Appendix A Master Definitions Supplement to the CAISO Tariff.
- 1.1.1** “DWR’s Primary Needs” means DWR’s primary responsibilities for managing and protecting State Water Project water supplies.
- 1.1.2** “Agreement” means this Participating Load Agreement between the Parties and any amendment thereto.
- 1.1.3** “Participating Load” for the purposes of this Agreement, means those Pumped-Storage Hydro Units, Pumping Loads, and Aggregated Participating Loads identified in Schedule 1 of this Agreement.
- 1.1.4** “Participating Load Services” means the provision of services from Participating Loads as described in Sections 4.4, 4.5, and 4.6 of this Agreement, including Curtailable Demand and other eligible services that may be provided under the CAISO Tariff and agreed to by the Parties.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, provided however this Agreement, including the provisions set forth in Sections 2.1, 4.4, 4.5, and 4.6, is deemed consistent with the CAISO Tariff;
  - (b) the singular shall include the plural and vice versa;
  - (c) the masculine shall include the feminine and neutral and vice versa;

- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a Section, Article, Appendix, or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement 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;
- (g) references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time, unless the new version is inconsistent with this Agreement;
- (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement; and
- (l) a reference to DWR includes DWR acting as Scheduling Coordinator and any Scheduling Coordinator acting on DWR’s behalf.

## **ARTICLE 2. ACKNOWLEDGEMENTS OF DWR AND CAISO**

### **2.1 CAISO and DWR Responsibilities.**

**2.1.1** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria and that DWR owns and operates the State Water Project. Each Party must comply with the applicable reliability

requirements established by the Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC).

- 2.1.2** The CAISO acknowledges that DWR's obligations created by this Agreement are limited to its voluntary participation in CAISO Markets by Participating Loads, either through its submission of Bids, Self-Schedules, Self-Provided Ancillary Services, or response to Exceptional Dispatch or System Emergency obligations.
- 2.1.3** DWR acknowledges that its offer and provision of Participating Load will be in accordance with this Agreement and applicable provisions of the CAISO Tariff.
- 2.2 Scope of Application to Parties.** The Parties acknowledge that all Participating Loads for which DWR desires to submit Bids to the CAISO must be included in Schedule 1 of this Agreement. DWR warrants that it owns, operates, or has sufficient contractual entitlement to provide services from such Participating Loads in accordance with this Agreement and applicable provisions of the CAISO Tariff.

### **ARTICLE 3. TERM AND TERMINATION**

- 3.1 Effective Date.** This Agreement is effective as of the later of the date it is executed by the Parties or the date accepted for filing and made effective by FERC, if such FERC filing is required, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
  - 3.1.1 Partial Effectiveness Contingency.** With regard to Participating Loads receiving incentives for interruption under an existing program approved by a Local Regulatory Authority (LRA), this Agreement shall not be effective pursuant to Section 3.1 with regard to those Participating Loads' participation in the CAISO's Ancillary Services markets unless the LRA has authorized such participation.
- 3.2 Termination.** This Agreement shall terminate on July 1, 2015November 1, 2017 or upon such earlier date made effective under Subsection 3.2.3.
  - 3.2.1 Termination by CAISO.** Subject to Section 5.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that DWR commits any material default under this Agreement and/or the CAISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the

CAISO has given DWR written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.

- 3.2.2 Termination by DWR.** DWR may terminate this Agreement by giving the CAISO not less than sixty (60) days advance written notice. In addition, DWR may terminate this Agreement by giving written notice of termination in the event that the CAISO commits any material default under this Agreement and/or the CAISO Tariff, unless such default is excused by reason of Uncontrollable Forces in accordance with Article 10 of this Agreement.
- 3.2.3 Termination Timeliness.** With respect to any notice of termination given pursuant to this Section 3.2, the CAISO must file a timely notice of termination with FERC. The filing of the notice of termination by the CAISO with FERC will be considered timely if the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within thirty (30) days after issuance of the notice of default or receipt of DWR's notice. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, provided, however, that if DWR delivers advance notice to CAISO under Section 3.2.2, DWR's obligations under this Agreement and the designation of facilities as Participating Load shall terminate upon completion of DWR's advance notice period to the CAISO, except with respect to DWR Bids or Schedules of Participating Loads, if any, made after notice of default or DWR's advance notice.
- 3.2.4 Effect of Expiration or Termination.** Expiration or termination of this Agreement shall not affect the rights and obligations of either Party that arose under this Agreement prior to its termination or expiration, even if such rights extend beyond the termination of the Agreement.

#### **ARTICLE 4. GENERAL TERMS AND CONDITIONS**

- 4.1 Technical Information for Participating Loads.** As required by Sections 8.3.4 and 8.4 of the CAISO Tariff, DWR shall provide the CAISO with all technical and operational information requested for each Participating Load designated in Schedule 1. DWR shall indicate in Schedule 1 whether the Participating Load desires to provide Ancillary Services. Pursuant to Sections 8.9 and 8.10 of the CAISO Tariff, the CAISO will test such Participating Load to determine its Ancillary Service capability and may subsequently verify, inspect, and test the

capacity and operating characteristics of each Participating Load, so long as it complies with DWR safety and security requirements.

**4.2 Metering and Communication.** Pursuant to Section 8.4 of the CAISO Tariff, Participating Loads that are Bid as Ancillary Services or Self-Provided Ancillary Services are required to comply with the CAISO's communication and metering requirements.

**4.2.1 Operating Procedures.** The CAISO shall provide DWR with CAISO Operating Procedures or other CAISO documents, when created or amended, which authorize or guide CAISO dispatchers with respect to the treatment of Participating Loads in accordance with Section 22.11.3 of the CAISO Tariff, subject to appropriate nondisclosure provisions as necessary.

**4.3 UDC Interruptible Load Programs.** DWR does not currently participate in any UDC interruptible Load programs. Due to the fact interruptible Loads are a measure by which to relieve System Emergencies and the CAISO's contractual relationship with each UDC, the CAISO will not accept, and DWR shall not submit, Bids or Self-Provided Ancillary Services from Participating Loads which are subject to curtailment criteria established under existing retail tariffs, except under such conditions as may be specified in the CAISO Tariff and agreed to in the future by the applicable UDC and CAISO.

**4.4 Notification of Changes.** DWR may modify Schedule 1 to add or withdraw Participating Loads, which in case of withdrawal will no longer be a Participating Load for purposes of this Agreement, or to change the technical information therein, and such modification shall not constitute an amendment of this Agreement. Sixty (60) days prior to such modification, DWR shall notify the CAISO of the proposed change(s). The modification to Schedule 1 is subject to CAISO verification under Section 4.1.1, and unless the tested facility fails to meet the values specified in the proposed change(s), DWR's proposed change(s) will become effective upon the effective date for the next scheduled update of the Master File, provided that DWR submits the changed information by the applicable deadline and is tested by the applicable deadline. Subject to such notification, this Agreement shall not apply to any Participating Loads that DWR no longer owns or no longer has a contractual entitlement to.

**4.4.1 Immediate Withdrawal of Participating Loads.** Notwithstanding Section 4.4 and any other provision in this Agreement, DWR may immediately modify

Schedule 1 to withdraw any Participating Loads if DWR determines that such immediate withdrawal is necessary to meet DWR's Primary Needs; provided, however, that DWR shall not Bid or schedule such withdrawn Participating Loads as Participating Load Services and any participation in the CAISO Markets by any withdrawn facility shall be settled in accordance with the CAISO Tariff. In the event of such determination and withdrawal, the sixty (60) days notification requirement in Section 4.4 shall be waived. Instead, within seven (7) days after such withdrawal, DWR shall provide the CAISO with written notice, which shall include a detailed description of the reasons for such withdrawal and, as necessary, an updated Schedule 1 identifying those facilities that are subject to the withdrawal and technical information as is necessary to document such withdrawal.

- 4.5 Dispatch of Participating Load by CAISO.** Subject to this Agreement, CAISO shall Dispatch a Participating Load by delivering a Dispatch Instruction to DWR's Scheduling Coordinator in accordance with the CAISO Tariff. Settlement of Dispatch Instructions will be in accordance with the CAISO Tariff.
- 4.5.1 CAISO's Obligation to Honor Schedules.** The CAISO shall treat Schedules submitted by DWR comparably to those of other Market Participants and consistent with this Agreement; that is, when not providing Participating Load Bids or Self-Provided Ancillary Services on any given Trading Day, DWR's Participating Load is entitled to treatment (other than provisions related to Scheduling and Settlement at Custom Load Aggregation Points) comparable to other Bids for Demand within the applicable TAC Area for that corresponding Trading Day.
- 4.5.2 Use-Limited.** DWR at its sole discretion may elect to register its Participating Loads as Use-Limited in accordance with the CAISO Tariff. If registered as Use-Limited, then such Participating Loads shall be eligible to submit Bids for Contingency Only reserves and the CAISO will not create Bids or impose any other requirement to Bid or offer services equivalent to a must-offer requirement.
- 4.5.3 Contingency Only Bids.** The CAISO shall be authorized to issue Dispatch Instructions to DWR's Contingency Only Participating Loads only in the event of an unplanned Outage, a Contingency or an imminent or actual System Emergency in accordance with the CAISO Tariff. The CAISO shall not be authorized to Dispatch Participating Load that is a Use-Limited resource and that has Bid in the CAISO Markets on a Contingency Only basis for economic or

other non-contingency reasons, provided that all submitted Bids will remain subject to the CAISO Tariff.

**4.5.3.1** The CAISO shall issue Dispatch Instructions in the market or through Exceptional Dispatch solely based on the DWR's Bids or, if not bid, through Exceptional Dispatch only upon prior consent of DWR in accordance with NERC communication reliability standards. The CAISO's Dispatch Instruction notice may not request DWR, and DWR shall not be obligated, to operate any facility in a manner that is not in compliance with Section 4.5.3 or that, in DWR's sole discretion, (1) is inconsistent with its Primary Needs; (2) is not in compliance with the provision of Participating Load Services or other communications between the Parties; (3) could result in damage or impair Participating Load facilities; or (4) may result in violation of any applicable law, regulation, license or permit.

**4.5.3.2** DWR shall promptly notify the CAISO if DWR does not intend to follow a Dispatch Instruction based on one or more of the reasons specified above. DWR must provide such notice twenty minutes prior to the requested time of service, unless the Dispatch Instruction was given less than twenty minutes prior to the requested time of providing such service, in which case DWR may notify the CAISO up to the requested time of providing such service.

## **4.6 Requirements Relating to Ancillary Services.**

**4.6.1 Bids and Self-Provided Ancillary Services.** When DWR submits a Bid or Submission to Self-Provide an Ancillary Service from a Participating Load, DWR will, by the operation of this Section 4.6.1, warrant to the CAISO that it has the capability to provide that service in accordance with the CAISO Tariff and that it will comply with CAISO Dispatch Instructions for the provision of the service in accordance with this Agreement and the applicable provisions of the CAISO Tariff.

**4.6.2 Certification.** DWR shall not submit Bids or Submissions to Self-Provide an Ancillary Service unless DWR is in possession of a current Ancillary Service certificate for such Ancillary Service pursuant to Article 8 of the CAISO Tariff.

**4.6.3 Resource Adequacy Capacity.** DWR shall submit a Supply Plan and a Resource Adequacy Plan that meets the requirements of DWR's Local Regulatory Authority to the extent permitted by the CAISO Tariff. When a Participating Load is a Resource Adequacy Resource used to meet a Resource

Adequacy obligation provided in DWR's monthly Resource Adequacy Plan, DWR must follow that plan for its Resource Adequacy Resources and may submit a Bid or Submission to Self-Provide an Ancillary Service in the Day-Ahead Market for such purpose.

- 4.7 Obligations Relating to Major Incidents.** Each Party shall promptly provide such information as the other Party may reasonably require in relation to the Party's investigations of operating situations or events, or for the Party's reporting to the authorities such as the FERC, California Public Utilities Commission (CPUC), WECC, or NERC consistent with the information sharing obligations of those authorities.
- 4.8 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of CAISO Tariff. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein; provided, however, DWR does not consent to any expansion or alteration of obligations of DWR to provide Participating Load Services to the CAISO solely by amendment to the CAISO Tariff. The Parties may expand or alter the obligations of DWR to provide Participating Load Services to the CAISO only as provided in Section 11.8 of this Agreement. In the event the CAISO Tariff is amended to be inconsistent with this Agreement with respect to Participating Load Services and the Parties are unable to resolve the inconsistency by amendment to this Agreement or the CAISO is unsuccessful in filing an unexecuted amendment to this Agreement as permitted under Section 11.8 of this Agreement, then either Party may provide notice of termination in accordance with Section 3.2 of this Agreement as though the other Party had committed a default.
- 4.9 Amendment to CAISO Tariff.** In making amendments to the CAISO Tariff that concern Participating Load Services, the CAISO will consider the impact on DWR and this Agreement.

## ARTICLE 5. PENALTIES AND SANCTIONS

- 5.1 Penalties.** If DWR fails to comply with any provisions of this Agreement, the CAISO shall be entitled to impose penalties and sanctions on DWR, including the penalties set forth in Sections 8.9.7 and 8.9.15 of the CAISO Tariff. No penalties or sanctions may be imposed under this Agreement unless a Schedule of the CAISO Tariff provision providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in this Agreement, with the

exception of the provisions relating to the CAISO Alternative Dispute Resolution (ADR) Procedures, shall be construed as waiving the rights of DWR to oppose or protest any penalty proposed by the CAISO to the FERC or the specific imposition of any FERC-approved penalty on DWR.

- 5.2 Corrective Measures.** If either Party fails to meet or maintain the requirements set forth in this Agreement and/or the applicable sections of the CAISO Tariff, the other Party shall be permitted to take any lawful measures, including any of the measures contained or referenced in the CAISO Tariff that the non-defaulting Party deems to be necessary to correct the situation.

## **ARTICLE 6. COSTS**

- 6.1 Operating and Maintenance Costs.** DWR shall be responsible for all of its costs incurred under this Agreement for the Load identified in Schedule 1.

## **ARTICLE 7. DISPUTE RESOLUTION**

- 7.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## **ARTICLE 8. REPRESENTATIONS AND WARRANTIES**

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery, and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** DWR represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own, and/or operate its Load have been or will be obtained by DWR prior to the effective date of this Agreement.

## ARTICLE 9. LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## ARTICLE 10. UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to DWR and references to the CAISO Tariff shall be read as references to this Agreement.

## ARTICLE 11. MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Article 22.4 of the CAISO Tariff, provided that all references in Article 22.4 of the CAISO Tariff to Market Participants shall be read as references to DWR and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter that may arise in connection with this Agreement. Any delay, short of the statutory period of limitations, in

asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, without reference to its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement, provided that DWR shall not waive its rights under the Eleventh Amendment of the United States Constitution.
- 11.6 Merger.** This Agreement, including Appendix A, which is hereby incorporated by reference and made a part of this Agreement, constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

- 11.8 Amendments.** This Agreement may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms, and conditions under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, and DWR shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 11.9 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**California Department of Water Resources – State Water Project**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 1

### Technical Characteristics of Individual or Aggregated Loads Participating under Participating Load Agreement California Department of Water Resources

Name of ALMDS Facility or Individual Load	CAISO Resource ID	Present Scheduling Point  (i.e. PNode, LAP, or Custom LAP )	Capacity Available <sup>1</sup>	Minimum Operating Level <sup>1</sup> (MW)	Maximum Operating Level <sup>1,2</sup> (MW)	Decremental Ramp Rate <sup>1,2</sup> (MW/min)	Ancillary Service Provider (Yes or No)	Participant in UDC Interruptible Program (Yes or No)	Limitations <sup>3</sup>
Delta (Banks) Pumping Plant	CLAP_BANKPP_CDWR	CLAP_BANKPP	257	-275	0	25	Yes	No	Yes
Dos Amigos Pumping Plant	CLAP_DOSMGO_CDWR	CLAP_DOSMGO	159	-174	0	16	Yes	No	Yes
Buena Vista Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	42	-59	0	10	Yes	No	Yes
			52	-52	0	29	Yes	No	Yes
Wheeler Ridge (Teerink) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	54	-61	0	9	Yes	No	Yes
			60	-69	0	7	Yes	No	Yes
Wind Gap (Chrisman) Pumping Plant	CLAP_CDWR07_CDWR	CLAP_CDWR07	110	-124	0	10	Yes	No	Yes
			128	-145	0	11	Yes	No	Yes
Edmonston Pumping Plant	CLAP_EDMONS_CDWR	CLAP_EDMONS	854	-787	0	31	Yes	No	Yes
Oso Pumping Plant	CLAP_OSO_CDWR	CLAP_OSO	72	-74	0	11	Yes	No	Yes
Pearblossom Pumping	CLAP_PEARBL_CDWR	CLAP_PEARBL	137	-145	0	15	Yes	No	Yes
Hyatt/Thermolito P/G	CLAP_HYTTHM_CDWR	CLAP_HYTTHM	933	-475	950	100	Yes	No	Yes

<sup>1</sup> Current effective values for purposes of bidding to provide Energy and/or Ancillary Services in CAISO markets may differ from those set forth in this Schedule 1, depending on the results of CAISO performance testing pursuant to Sections 8.9 and 8.10 of the CAISO Tariff.

<sup>2</sup> These values are subject to certification by the CAISO in accordance with Section 4.6.2 of the Participating Load Agreement.

<sup>3</sup> If "Yes," limitations should be specified in the Participating Load's implementation plan.

**SCHEDULE 2**  
**CAISO IMPOSED PENALTIES AND SANCTIONS**  
**[Section 5.1]**  
**TO BE INSERTED UPON FERC APPROVAL**

## SCHEDULE 3

### NOTICES

#### (Section 11.2)

##### DWR

###### Participating Load

Name of Authorized Representative For Operation Issues:

Glenn Solberg  
Chief Water & Power Dispatcher  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[gsolberg@water.ca.gov](mailto:gsolberg@water.ca.gov)  
(916) 574-2693  
(916) 296-8255  
(916) 574-0613

Name of Authorized Representative For Operation Issues:

Tuan Bui  
Supervising Engineer  
California Department of Water Resources  
3310 El Camino Avenue, Suite 300  
Sacramento, CA 95821  
[tbui@water.ca.gov](mailto:tbui@water.ca.gov)  
(916) 574-2663  
(916) 698-8357  
(916) 574-2782

Name of Authorized Representative For Contract Issues:

Chi Doan  
Chief Power Contracts Branch  
California Department of Water Resources  
3310 El Camino Avenue, Suite LL-91  
Sacramento, CA 95821  
[chi@water.ca.gov](mailto:chi@water.ca.gov)  
(916) 574-0612  
(916) 574-0660

## **CAISO**

Name of Primary

Representative: Regulatory Contracts  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [regulatorycontracts@caiso.com](mailto:regulatorycontracts@caiso.com)  
Phone: (916) 351-4400  
Fax: (916) 608-5063

Name of Alternative

Representative: Christopher Sibley  
Title: Lead Contract Negotiator  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: [csibley@caiso.com](mailto:csibley@caiso.com)  
Phone: (916) 608-7030  
Fax: (916) 608-5063

## APPENDIX A

### 1. NONDISCRIMINATION

During the performance of this Agreement, the Parties shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Each Party shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination in accordance with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Code Sections 11135 – 1139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

### 2. AUDIT

Each Party, in addition to the audit required in Section 22.1 of the CAISO Tariff, agrees that the Agreement is subject to the examination and audit of the California State Auditor for a period of three years after final payment is made under this Agreement.

### 3. DRUG FREE WORKPLACE CERTIFICATION

The Parties hereby certify, under penalty of perjury under the laws of the State of California, that the Parties will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about all of the following:
  - (a) the dangers of drug use in the workplace;
  - (b) the policy of maintaining a drug-free workplace;
  - (c) available counseling, rehabilitation, and employee assistance programs; and

- (d) penalties that may be imposed upon employees for drug abuse violations.

C. The Parties:

- (a) will provide every employee who works in the performance of the Agreement a copy of the company's drug-free policy statement; and
- (b) agree that their respective employees shall abide by the terms of their respective drug-free workplace policy as a condition of employment.