



California Independent
System Operator Corporation

September 10, 2014

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

**Re: California Independent System Operator Corporation
Pro Forma Approved Project Sponsor Agreement
Docket No. ER14-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits for filing and acceptance an amendment to the CAISO Fifth Replacement Tariff consisting of a *Pro Forma* Approved Project Sponsor Agreement (“*pro forma* APSA”), which the CAISO will add to the tariff as Appendix X.¹ Under the CAISO’s transmission planning process, the CAISO employs a competitive solicitation process to select approved project sponsors to construct certain transmission solutions included in the CAISO’s annual transmission plan. The *pro forma* APSA sets forth the terms and conditions that will govern an approved project sponsor’s responsibilities and relationship with the CAISO during the period prior to the time that the CAISO assumes operational control over the transmission solution. The CAISO requests that the Commission accept the *pro forma* APSA effective November 10, 2014.

I. Background

A. The CAISO’s Transmission Planning Process.

On December 16, 2010, the Commission approved the CAISO’s proposed revised annual transmission planning process, which established three transmission planning phases and introduced a competitive solicitation to determine construction responsibility for certain transmission solutions identified

¹ The CAISO submits the *pro forma* APSA pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012), and Rule 205 of the Commission’s Rules of Practice and Procedure, 18.C.F.R. § 385.205 (2013).

in the annual transmission plan.² Subsequently, the CAISO submitted revisions to the transmission planning process in compliance with Order No. 1000,³ which the Commission approved on April 18, 2013.⁴ These revisions did not fundamentally alter the three phase framework previously established. In phase one, the CAISO identifies study assumptions and develops a study plan.⁵ During phase two, the CAISO identifies the need for reliability-driven, policy-driven, and economic transmission solutions and develops the transmission solutions that most cost-effectively and efficiently meet those needs.⁶ These transmission solutions are set forth in a transmission plan that is approved by the CAISO's Board of Governors at the end of phase 2.

During phase 3, the CAISO conducts a competitive solicitation for construction of all transmission solutions included in the transmission plan, except for local transmission facilities (*i.e.*, those under 200 kV located entirely within a participating transmission owner's service territory or footprint, and any upgrades or additions to existing transmission facilities). The CAISO selects an approved project sponsor, which need not be an existing participating transmission owner, based on the criteria set forth in the tariff.⁷ Once selected, the approved project sponsor must enter into an approved project sponsor agreement with the CAISO within 120 days.⁸

B. Prior Approved Project Sponsor Agreements and *Pro Forma* APSA Development.

In the 2012-2013 transmission planning process, the CAISO identified three transmission solutions that were subject to the phase 3 competitive solicitation process: the Imperial Valley Element, the Gates-Gregg Project and the Sycamore-Penasquitos Project. The CAISO negotiated approved project sponsor agreements separately with each approved project sponsor selected in the process and submitted these agreements to the Commission for approval.⁹

² *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,224 (2010).

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

⁴ *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057 (2013). The Commission directed certain revisions to the CAISO's proposal, and approved the CAISO's compliance filing in response to those conditions on March 20, 2014. *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,198 (2014).

⁵ CAISO Tariff § 24.3.

⁶ CAISO Tariff § 24.4.

⁷ CAISO Tariff §24.5.

⁸ CAISO Tariff §§24.5.3.4 and 24.5.3.5.

⁹ The Commission approved the Imperial Valley Element Approved Project Sponsor Agreement with Imperial Irrigation District by letter order dated July 15, 2014 and the Gates-

In addition, in response to stakeholder requests, the CAISO agreed to develop with stakeholders a *pro forma* APSA. The CAISO initiated this process by posting a draft *pro forma* agreement on March 21, 2014 and seeking stakeholder comment.¹⁰ The CAISO received eight sets of comments from stakeholders¹¹ and held a web conference to discuss the proposal on May 5, 2014. The majority of stakeholder comments were non-substantive suggestions for clarification, many of which the CAISO has incorporated. As discussed in the next session, the CAISO also accepted certain substantive suggestions and rejected others. The CAISO posted a revised agreement on May 7, 2014 (“May 7 posting”),¹² and held an additional teleconference to discuss the draft on May 19, 2014.

II. The Approved Project Sponsor Agreement

The CAISO has revised the *pro forma* APSA subsequent to the May 7 posting. This filing incorporates those changes. The vast majority of the revisions are non-substantive. The following discussion summarizes the provisions of the *pro forma* APSA, the substantive changes since the last posting, and the CAISO’s responses to significant, substantive stakeholder comments.

A. The *Pro Forma* APSA Governs the Relationship Between the Approved Project Sponsor, Interconnecting Participating Transmission Owners and the CAISO Before the Transmission Facilities Are Turned Over to CAISO Operational Control.

The CAISO tariff contains a high level structure for selecting an approved project sponsor and for the selected sponsor to interact with the CAISO during the construction period. However, because details about project construction and network interconnection vary according to the project, they must be included in a separate agreement. This is similar to the way in which the details of a generator interconnection are included in a generator interconnection agreement. In addition, an agreement is necessary because approved project sponsors who are not participating transmission owners are not subject to the tariff until such time as they enter into the transmission control agreement and turn the facility over to CAISO operational control. For both non-participating transmission owners and participating transmission owners, the *pro forma* APSA “bridges the

Gregg Project Approved Project Sponsor Agreement with Pacific Gas & Electric Company and MidAmerican Central California Transco, LLC letter order dated August 12, 2014. The third Approved Project Sponsor Agreement with the San Diego Gas & Electric Company for the Sycamore-Penasquitos Project was filed on August 11, 2014, and is pending approval.

¹⁰ [Draft Pro Forma APSA](#), available on the CAISO website.

¹¹ The [comments](#) are available on the CAISO website.

¹² [Revised Draft Pro Forma APSA](#), available on the CAISO website.

gap” until the tariff and the transmission control agreement govern their relationship with the CAISO.

The recitals in the agreement lay out this framework. Upon reconsideration of one stakeholder’s concern, the CAISO revised the fifth recital to accommodate the possibility that the approved project sponsor may be a participating transmission owner. Another stakeholder recommended that the recitals include the estimated project cost and completion date. The CAISO does not consider project-specific details appropriate for a *pro forma* agreement itself. Rather, as with other *pro forma* agreements, such detail should appear in appendices to the agreement.

Article 1 defines certain terms in the *pro forma* APSA, which are capitalized. It also states that other terms have the definition given them in the section in which they occur or in Appendix A of the CAISO tariff. One party suggested that Article 1 include all defined terms. The May 7 posting included some, but not all, of the terms that appear in Appendix A. The CAISO concluded that repeating terms that are defined in Appendix A would be inadvisable. The *pro forma* APSA will be in an Appendix to the CAISO tariff, so the standard definitions of the tariff will apply. Repeating definitions unnecessarily can lead to confusion if the tariff term is redefined in the tariff but the same term is not redefined in the agreement. It is standard CAISO policy to limit definitions in an agreement to those that are not in the CAISO tariff or require modification for use in the agreement.

Since the May 7 posting, the CAISO also made several non-substantive changes to the definitions. For example, the CAISO clarified that the Interconnection Service and Interconnection Facilities definitions pertain to transmission interconnection service and transmission interconnection facilities. The CAISO clarified that the definition of Interconnecting PTO does not include the Approved Project Sponsor, and this language change led to non-substantive conforming modifications throughout the agreement. In addition, the CAISO concluded that the listed categories of events that qualify as force majeure might not cover all events that should be so considered. The CAISO therefore added a phrase to make the definition of force majeure consistent with the tariff definition of “uncontrollable force”: “or any other cause beyond the reasonable control of the Parties that could not have been avoided through the exercise of Good Utility Practice.”

Two stakeholder comments suggested substantive changes to the definition of force majeure. One stakeholder recommended adding actions by Governmental Authorities and limiting the application of the term to events that interfere with completion of the project. The CAISO does not believe these revisions are warranted. The CAISO believes that delays due to Governmental Authority action or inaction should not be a force majeure event unless they otherwise qualify as an uncontrollable force. To the extent such actions interfere

with project progress, sections 5.7 and 5.8 of the *pro forma* APSA provide for remedies without requiring a determination of force majeure.

The CAISO also does not believe it appropriate to limit force majeure events to those that interfere with project completion. To the extent an uncontrollable event interferes with or prevents compliance with contractual terms, it should qualify for relief from a breach determination under Article 13 (Force Majeure) regardless of whether it interferes with project completion.

The other stakeholder recommended excluding certain categories of events from the definition of force majeure beyond those that could be avoided by the exercise of good utility practice: economic conditions that render a party's performance unprofitable or otherwise uneconomic; economic hardship of either party; or failure or delay in granting of necessary permits for reasons not caused by force majeure. These force majeure exclusions did not appear in the May 7 posting. The CAISO agrees that these categories of events should not excuse nonperformance of contractual terms. While it is possible that one could interpret the definition in the May 7 posting such that these events would not qualify as force majeure, a contrary interpretation is also possible. Thus, upon reconsideration of these comments, the CAISO has added language specifically excluding such events from the force majeure.

Article 2 governs the effective date, term, and termination of the *pro forma* APSA. The *pro forma* APSA is effective upon execution, subject to its acceptance by the Commission, if applicable. Because this is a *pro forma* agreement, individual agreements would not require acceptance by the Commission unless they were nonconforming.

Except for certain specified sections, the *pro forma* APSA terminates when the approved project sponsor turns the facilities that are the subject of the *pro forma* APSA over to CAISO operational control. The exceptions are necessary for provisions, such as the requirement to provide cost information, that must continue in effect after the *pro forma* APSA terminates. Some of these are only relevant if the agreement terminates because of the transfer of the facilities to the CAISO's operational control. Others, such as provisions concerning indemnity and liability, remain relevant regardless of the reason for termination.

Earlier drafts provided for the agreement to remain in effect until parties had fulfilled all obligations. This would have left the entire agreement in effect for an indefinite period subsequent to the time that the approved project sponsor placed the facilities under the CAISO's operational control and created potential conflicts with the Transmission Control Agreement.

Article 3 describes the interaction between the CAISO tariff, the transmission control agreement and the *pro forma* APSA. The approved project

sponsor agrees to comply with all applicable tariff provisions, to become a participating transmission owner, and to enter into the transmission control agreement. The May 7 posting included confusing language regarding the relationship between the *pro forma* APSA and the CAISO tariff. Now the *pro forma* APSA provides that in the case of a conflict between the two, the tariff governs. In addition, once the approved project sponsor executes the transmission control agreement, the transmission control agreement governs in case of conflicts.

Article 4 describes the approved project sponsor's obligation to seek transmission interconnection service, in accordance with the milestones included in Appendix B of the *pro forma* APSA, from the participating transmission owner or other entity to whose facilities the approved project will connect, and to enter into a transmission interconnection service agreement. Some stakeholders questioned the need for transmission interconnection service or suggested it might not always be necessary. A facility cannot interconnect to an existing part of the grid, however, without the cooperation of the owner of the existing facilities. The existing facilities may also require upgrades. It is not reasonable to expect the interconnecting transmission owner to enable the interconnection and construct the upgrades without an agreement that sets forth the specifications and schedule for the work. In addition, if the interconnecting transmission owner is not a participating transmission owner, which can recover the costs of the interconnection through its CAISO transmission revenue requirement, the agreement is necessary to provide the interconnecting transmission owner with cost recovery.

One stakeholder recommended that the interconnecting transmission owner be a party to the approved project sponsor agreement. The CAISO disagrees with this suggestion. The nature of the interconnection arrangement is a matter to be negotiated by the approved project sponsor and the interconnecting transmission owner. The *pro forma* APSA only requires that certain matters be included in the agreement to the extent they directly affect the CAISO. Other matters are left to the individual parties involved in the specific matter. The CAISO does not believe it necessary that there be a contractual relationship between the interconnecting transmission owner and the CAISO.

As noted above, Article 4 sets forth certain minimum requirements that the approved project sponsor must include in the interconnection agreement, such as a requirement that the agreement obligate the interconnecting transmission owner to provide status reports to the CAISO every 90 days. Details about the required contents of the status report are set forth in section 4.2.1. The approved project sponsor also agrees that the participating transmission owner's handbook will govern certain interconnection requirements, if applicable. One stakeholder recommended that the CAISO require the interconnecting transmission owner to provide the status reports to the approved project sponsor. The CAISO believes that matters such as the decision whether to include such a requirement in the

interconnection agreement are best left to the negotiations between the approved project sponsor and the interconnecting transmission owner. For the same reasons, the CAISO did not accept stakeholder suggestions that it limit the matters that may be included in the interconnection handbook or require posting of the handbook.¹³

B. The *Pro Forma* APSA Contains Project Details, Construction Milestones and a Communications Framework.

Article 5 sets forth the approved project sponsor's obligations with respect to the facilities that are the subject of the agreement. Under section 5.1, the approved project sponsor accepts responsibility for procurement, construction, ownership, and installation in connection with the project. The section requires CAISO approval of changes in project design. The approved project sponsor must establish testing and energization dates consistent with its project sponsor application, which will be set forth in the milestones in Appendix B. Section 5.2 provides for information exchange between the parties regarding the project and necessary design revisions.

Section 5.3 contains the CAISO tariff section 24.6.1 requirement that the approved project sponsor provide a detailed construction plan within 120 days from project sponsor selection and provide construction status reports every 90 days until the approved project sponsor energizes the project. In particular, sections 5.3.2 and 5.3.3 provide for notice and consultation with interconnecting participating transmission owners regarding project progress, completion date, and items of concern. Section 5.3.4 sets forth a notice requirement when the interconnecting participating transmission owner's facilities will not be required until after the project energization date. Following up on these reporting requirements, section 5.7 sets forth the process to be followed if the project encounters delay, particularly a delay beyond the need date that could affect reliability.¹⁴

One stakeholder proposed alternative notification requirements and sanctions regarding schedule delays. The CAISO concluded that sections 5.3.2-5.3.4, combined with section 5.7, provide an orderly and reasonable manner for addressing delays. The same stakeholder suggested that the CAISO require additional cost details and annual adjustment of cost estimates. The CAISO does not believe it useful to impose these additional obligations on the approved project sponsor. If the approved project sponsor has agreed to a cost cap, increased costs have no impact on the CAISO or its transmission customers. If

¹³ The CAISO notes that interconnection handbooks for Pacific Gas & Electric Company, Southern California Edison Company and San Diego Gas & Electric Company are publicly available on each entity's website. In most instances, these participating transmission owners will be the interconnecting PTOs.

¹⁴ Section 5.7 is discussed further below.

the approved project sponsor did not agree to a project cost cap, the Commission will determine the appropriate level cost recovery when the approved project sponsor files its transmission revenue requirement. Interested parties can challenge the prudence of those cost increases at that time. The final summary of construction cost will be sufficient for that purpose.

Another stakeholder recommended that the CAISO make the initial construction plan publically available. The CAISO anticipates that the initial construction plan may contain confidential or proprietary material and does not believe that public distribution would be appropriate.

Section 5.4 provides dates upon which the approved project sponsor must provide project specifications for CAISO and interconnecting entity review prior to procurement and, if the specifications have changed, testing. These specifications must be compatible with the interconnecting entity's specifications and, if not, the approved project sponsor must revise them to be so. Final review by the CAISO and by the interconnecting entity is not a warranty as to the design, fitness, safety, durability, or reliability of the transmission solution or the transmission interconnection facilities. One stakeholder expressed concern that this disclaimer would excuse a participating transmission owner from liability it would normally bear for construction defects. The CAISO does not believe that this would be the case. The section merely disclaims liability for an entity in its role as the interconnecting entity; it does not release that entity from such liability for the project itself in its role as approved project sponsor, if it is both the approved project sponsor and the interconnecting PTO.

Section 5.5 governs construction activities. It requires that construction commence upon receipt of governmental approvals and the necessary permits and rights-of-way, provision of a construction schedule to the CAISO, and the remediation of construction deficiencies. The approved project sponsor indemnifies the CAISO for claims arising from the construction. Section 5.5.5 provides that if the approved project sponsor modifies its vendors or construction team, it must notify the CAISO within ten calendar days after the decision to make the change. The CAISO may take any action necessary to ensure the same level of service. This is an important provision because CAISO tariff section 24.5.4 specifically provides that the CAISO will consider the capabilities of the project sponsor and its team in determining the applicant that is best suited to finance, construct and own the project. In conducting the comparative analysis, the CAISO relies on the information provided in the project sponsor applications. This includes detailed descriptions of the project sponsor's proposed team members, including vendors.

Section 5.6 requires the approved project sponsor, no later than twelve months after project completion, to provide the CAISO with a summary of final construction costs. The approved project sponsor must also, within 120 days of project completion, provide the CAISO with a full set of as-built drawings.

Under section 5.7, if the approved project sponsor notifies the CAISO of a delay in construction beyond the date by which the project is needed, the CAISO will issue a market notice and determine if there is a potential reliability violation. If the event of a potential violation, the CAISO will develop a plan to address the delay and may require the interconnecting participating transmission owner to develop a mitigation plan to address potential NERC reliability violations. If the parties cannot promptly and adequately address material issues, the CAISO will take any necessary action, including determining whether to designate an alternative project sponsor. This provision is solely concerned with actions necessary to ensure reliability, not with the evaluation of the reason for the delay and the plan for moving forward. Any notification of delay under this section will necessarily entail actions under section 5.8, which provides for consultation among the parties and authorizes further CAISO action.

Specifically, section 5.8 sets forth procedures that apply to delays in the timeline set forth in Appendix B. If, after consultation, the CAISO or the approved project sponsor determines that the project will be unreasonably delayed or that the project sponsor cannot complete the project, the CAISO will select an alternative approved project sponsor in accordance with section 24.6.4 of the CAISO tariff.

One stakeholder advocated for a provision stating that, in the event that the approved project sponsor is unable to complete project construction as described in section 5.8, the approved project sponsor would be required to transfer to the alternative project sponsor all rights, equity, ownership and interest in the project, including property rights and contractual rights. Another stakeholder objected to this suggestion, arguing that such a provision could cause financing issues if the project had been assigned as collateral pursuant to section 16.1. The CAISO concluded that the suggested provision requiring transfer of ownership rights is unnecessary because a project sponsor has no motivation to hold rights in connection with a project when it is no longer in a position to recover the costs of the project as a participating transmission owner. Rather, it has every reason to transfer those rights to the extent it can.

Section 5.9 provides procedures for modification of the project. The approved project sponsor may modify the project only with the approval of the CAISO, unless a regulatory authority directs the modification. Under such a circumstance, section 5.9.3 requires the approved project sponsor to notify the CAISO with 30 calendar days.

Section 5.10 addresses the possibility that the approved project sponsor may plan to use the project in order to fulfill certain interconnection requests in its queue. It provides for a transition from the approved project sponsor's generation interconnection process to the CAISO's process for generation projects seeking interconnection to the facilities that will be turned over to CAISO operational control. The approved project sponsor will complete any existing

studies for generator interconnection to the project that are in its queue as of the effective date of the agreement. The CAISO will process subsequent requests for interconnection to the transmission solution during the construction period under the CAISO generator interconnection procedures, except that the approved project sponsor will have the rights and obligations under the CAISO procedures that it would have if it were already a participating transmission owner. If the approved project sponsor is already a participating transmission owner, the section will have no operative effect because interconnection requests will already be subject to the CAISO tariff. This section is not applicable, of course, if the approved project sponsor is not an existing transmission provider (and therefore cannot receive interconnection requests).

In section 5.11, the parties recognize and agree that the CAISO is the planning authority for the transmission facilities from the time these facilities are identified in the transmission planning process through construction and energization. This section provides clarity for non-participating transmission owners who are approved project sponsors, particularly those who own other facilities in neighboring planning regions.

Section 5.12 provides that the CAISO and the approved project sponsor will cooperate with each other to maintain their respective tax statuses.¹⁵

Article 6 requires the interconnecting entity and approved project sponsor to test the project prior to energization to ensure safe and reliable operation and to make any necessary modification to address observed deficiencies. The CAISO has the right to observe the tests and inspect the facilities. Because the *pro forma* APSA is a two party agreement to which the interconnecting participating transmission owner is not a party, the approved project sponsor must provide written approval from the interconnecting participating transmission owner before parallel operations can begin.

Article 7 requires metering consistent with CAISO tariff requirements. This provision is unnecessary if the project is within the pre-existing CAISO balancing authority area boundaries. Article 8 requires operating communications with the CAISO consistent with the CAISO tariff and the interconnecting entity. It also provides that the approved project sponsor will provide the dedicated data circuit necessary to provide approved project sponsor data to the CAISO and interconnecting participating transmission owner as set forth in Appendix C, Security Arrangements Details. One stakeholder asked whether Appendix C will provide other details on communication. This is not necessary. Communication regarding the control of equipment will be in the PTO's interconnection handbook. Section 5.2 of the transmission control agreement establishes the

¹⁵ In the May 7 posting section 5.12 also contained a reference to the tax status of other participating transmission owners. At the urging of one stakeholder, the CAISO has removed this reference.

need to provide operational data to the CAISO subsequent to the transfer to CAISO operational control.

Article 9 establishes the obligation of each party to perform its operational responsibilities prior to the CAISO's assumption of operational control in accordance with applicable reliability requirements and other requirements made applicable by the CAISO's procedures or the agreement. It also requires the parties to establish procedures for start-up, testing, and energization of the project.

C. Approved Project Sponsors Have Transmission Revenue Requirement Rights and Obligations Under the *Pro Forma* APSA.

Article 10 provides for project cost recovery, billing and payment. Section 10.1 provides that the approved project sponsor may seek Commission approval of a transmission revenue requirement before the transmission facilities become operational. If approved, the CAISO will collect that revenue requirement through the regional access charge. That section also provides that the approved project sponsor acknowledges and agrees with the binding cost cap or cost containment measures set forth in Appendix E, if any.

Section 10.1.1 sets forth more detail about the interplay between the binding cost caps and cost containment measures described in the project sponsor application, if any, and cost recovery through the approved project sponsor's transmission revenue requirement. In the May 7 posting, the provision provided that if the approved project sponsor had agreed to a cost cap, the approved project sponsor would not seek recovery through its transmission revenue requirement of higher costs than the lower of the actual cost of the project or the cost cap. Upon reconsideration of stakeholder comments, the CAISO concluded that because cost caps could address matters other than capital costs, this language could cause confusion. If an approved project sponsor seeks to recover an amount greater than its actual costs and a reasonable rate of return, considering possible incentive rates, but less than its agreed-upon cost cap, interested parties can challenge that recovery before the Commission. To address these concerns, the CAISO has instead used a variant of language recommended by a stakeholder, according to which the approved project sponsor agrees it will not seek recovery through its transmission revenue requirement of higher costs than the maximum costs specified in, or determined in accordance with, any cost cap or other binding cost containment measures.

Section 10.3 contains the same refund obligation that the CAISO has included in the prior negotiated approved project sponsor agreements discussed above. In this section, as in the other agreements, the approved project sponsor agrees to make all refunds and adjustments to its transmission revenue requirement, in accordance with the CAISO tariff, unless the Commission orders

otherwise. This section is applicable to all approved project sponsors, whether subject to Commission rate jurisdiction or not.

Articles 11-12 are standard provisions addressing regulatory requirements, governing laws, and notices. Article 13 contains standard provisions concerning force majeure. Section 13.1.2 authorizes revision of the agreement, including milestones and cost containment provisions, following a force majeure event. Article 13 in the May 7 posting included a section excluding economic hardship from force majeure. The revisions to the definition of the term “force majeure,” discussed above, make that exclusion redundant and it has been eliminated.

Article 14, which provides the terms and conditions for default, provides a 90-day opportunity to cure a breach. The *pro forma* APSA defines a breach as a failure to perform or observe a material term or condition of the contract. One stakeholder recommended expanding the definition of breach to include material misrepresentations, bankruptcy, merger with an entity that refused to assume the obligations, or assignment of the contract without consent. Material misrepresentations and assignment without the CAISO’s consent, however, are already included as violations of Articles 16 and 24 of the agreement. To the extent that bankruptcy or reorganization made it impossible for the approved project sponsor to continue, the CAISO could select an alternative approved project sponsor under section 5.8. Thus, there is no reason to expand the definition.

Another stakeholder recommended allowing an extension of the cure period if the breaching party presents a cure plan acceptable to the non-breaching party during the cure period. The CAISO does not believe such a provision is necessary because non-breaching parties have the discretion under section 14.2 whether and when to declare a default following the end of the cure period. If a cure plan is acceptable, the non-breaching parties can simply withhold the declaration of default.

At the suggestion of a stakeholder, the CAISO included a section 14.3 addressing the approved project sponsor’s right under section 16.1 to assign the *pro forma* APSA for financial security collateral purposes if it gives notice, including assignee contact information, to the CAISO. Section 14.3 states that if the CAISO has received notice of assignment for collateral security purposes, the CAISO shall provide any notice of contract breach provided by the approved project sponsor to the collateral assignee, and the collateral assignee has the right, but not the obligation, to cure the breach on behalf of the approved project sponsor. This provision allows the *pro forma* APSA to continue in place under certain circumstances and could prevent the need to select a new project sponsor if the collateral assignee is able to cure the breach.

Articles 15-25 are also standard provisions from other CAISO *pro forma* agreements with some minor changes. They cover indemnity and consequential damages, assignment, severability, comparability, confidentiality, environmental releases, information access and audit rights, subcontractors, disputes, representations and warranties, and covenants, respectively. Article 15 survives termination of the agreement.

Finally, one stakeholder recommended a provision requiring approved project sponsors to carry insurance coverage of specified limits for workman's compensation, employers' liability, general liability, automobile liability, and umbrella/excess liability. The CAISO concluded that it would be inappropriate and unnecessary to require approved project sponsors to carry insurance coverage beyond that which is required by law. First, it would be inconsistent with the tariff process. The CAISO tariff lays out the financial qualifications for project sponsors, and any approved project sponsor will have met those qualifications. An insurance requirement would add another, non-tariff, financial requirement. Second, the fact that the approved project sponsor has met the financial qualification criteria indicates a high likelihood that it is capable of weathering any liability findings. Third, the transmission control agreement does not impose specific insurance requirements on participating transmission owners and the CAISO sees no reason to include one here.

III. Effective Date

The CAISO requests that the *pro forma* APSA be made effective on November 10, 2014.

IV. Service

The ISO has served copies of this filing upon the California Public Utilities Commission, the California Energy Commission, and all parties with effective Scheduling Coordinator Service Agreements under the CAISO tariff. The ISO has also posted the filing on the ISO website.

Enclosed for filing is each of the following:

- (1) This letter of transmittal; and
- (2) Pro Forma Approved Project Sponsor Agreement (Attachment A).

V. Correspondence

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

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18 C.F.R. § 203(b)(3).

VI. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the *pro forma* APSA to become effective November 10, 2014. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

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Attachment A

Pro Forma Approved Project Sponsor Agreement

California Independent System Operator Corporation

**APPROVED PROJECT SPONSOR AGREEMENT (APSA)
BETWEEN**

[APPROVED PROJECT SPONSOR]

AND

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

PROJECT: _____



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- Appendix E Approved Project Sponsor’s Costs of Project

APPROVED PROJECT SPONSOR AGREEMENT**[APPROVED PROJECT SPONSOR]****CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS APPROVED PROJECT SPONSOR AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20__, between [the Approved Project Sponsor], organized and existing under the laws of the State of _____ (“Approved Project Sponsor”), and the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California (“CAISO”). Approved Project Sponsor and the CAISO each may be referred to as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, the CAISO exercises Operational Control over the CAISO Controlled Grid; and

WHEREAS, the Approved Project Sponsor intends to construct, finance, and own the _____ Project (“Project”) consisting of transmission facilities identified in Appendix A to this Agreement; and

WHEREAS, if applicable, the Approved Project Sponsor will seek interconnection of the Project from the Interconnecting PTO or other entity in accordance with the requirements provided in this Agreement; and

WHEREAS, the Parties agree that the Approved Project Sponsor will enter into the Transmission Control Agreement to become a Participating Transmission Owner (“Participating TO”), if it is not already a Participating TO, effective upon energization of the Project, and will turn the Project over to the Operational Control of the CAISO; and

WHEREAS, the Parties recognize that the Approved Project Sponsor has certain rights and obligations related to the Project that arise prior to the date upon which the Approved Project Sponsor will place the facilities under the CAISO’s Operational Control and, if not already a Participating TO, will become a Participating TO and which may remain in effect for a discrete period of time after the Approved Project Sponsor enters into the Transmission Control Agreement; and

WHEREAS, the Approved Project Sponsor and the CAISO thus have agreed to enter into this Agreement for the purpose of identifying rights and obligations associated with the Project that arise prior to the effective date of the Approved Project Sponsor’s execution of the Transmission Control Agreement;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

ARTICLE 1. DEFINITIONS

When used in this Agreement, a term with initial capitalization shall have the meaning set forth in this Article 1 or the recitals, or if not defined in this Article 1 or the recitals, shall have the meaning specified in the Article in which it is used or in the CAISO Tariff, Appendix A.

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 Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Interconnecting PTO's Transmission System to which the Project is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

Breach shall mean the failure of a Party to perform or observe any material term or condition of this Agreement.

Breaching Party shall mean a Party that is in Breach of this 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 Article 19.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 14 of this Agreement.

Effective Date shall mean the date on which this Agreement becomes effective as specified in Article 2.

Environmental Law shall mean Applicable Laws and 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.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, earthquake, or explosion, any order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Parties that could not have been avoided through the exercise of Good Utility Practice. A Force Majeure event does not include (1) acts of negligence or intentional wrongdoing by the Party claiming Force Majeure; (2) economic conditions that render a Party's performance of this Agreement unprofitable or otherwise uneconomic; (3) economic hardship of either Party; or (4) failure or delay in granting of necessary permits for reasons not caused by Force Majeure.

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 Approved Project Sponsor, the CAISO, 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.

Interconnecting PTO shall mean any Participating TO, other than the Approved Project Sponsor, that owns or is building transmission facilities to which the Project will interconnect.

Interconnection Handbook shall mean a handbook, developed by the Interconnecting PTO and posted on the Interconnecting PTO's web site or otherwise made available by the Interconnecting PTO, describing technical and operational requirements for controls and protection equipment for transmission connected to the Interconnecting PTO's portion of the CAISO Controlled Grid, as such handbook may be modified or superseded from time to time. Interconnecting PTO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice.

Loss shall mean any and all damages, losses, and claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties.

Metering Equipment shall mean all metering equipment installed or to be installed for measuring the Balancing Authority Area boundary pursuant to this Agreement at the metering points, including instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

Party or Parties shall mean the CAISO, the Approved Project Sponsor, 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 this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

System Protection Facilities shall mean equipment, including necessary protection signal communications equipment, that protect (1) the Interconnecting PTO's Transmission System, Interconnecting PTO's Transmission Interconnection Facilities, CAISO Controlled Grid, and Affected Systems from faults or other electrical disturbances and (2) the Approved Project Sponsor's Transmission System from faults or other electrical system disturbances occurring on the CAISO Controlled Grid, Interconnecting PTO's Transmission Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the CAISO Controlled Grid is directly connected.

Transmission Interconnection Facilities shall mean the Interconnecting PTO's or other entity's transmission facilities, including any modification, additions, or upgrades, that are necessary to physically and electrically interconnect the Project to the Interconnecting PTO's Transmission System.

Transmission Interconnection Service shall mean the service defined in Section 4.2 of this Agreement.

ARTICLE 2. EFFECTIVE DATE, TERM, AND TERMINATION

2.1 Effective Date. This Agreement shall become effective upon execution by all Parties, subject to acceptance by FERC (if applicable). The CAISO shall promptly file this Agreement with FERC upon execution in accordance with Section 3.1, if required.

2.2 Term of Agreement. This Agreement shall remain in effect until termination consistent with Section 2.3.

2.3 Agreement Termination.

- 2.3.1** Except for the obligations set forth in Sections 5.6, 5.10, 10.1.1, 10.3, and 15.3, this Agreement shall terminate when the Project has been turned over to CAISO Operational Control.
- 2.3.2** A Party may terminate this Agreement in accordance with Section 5.8 or Article 14.
- 2.3.3** Notwithstanding Sections 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination and, if applicable, FERC has accepted the notice of termination.

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

- 3.1 Filing.** The CAISO shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. The Approved Project Sponsor may request that any information included in such filing be subject to the confidentiality provisions of Article 19. If the Approved Project Sponsor has executed this Agreement, or any amendment to this Agreement, the Approved Project Sponsor shall reasonably cooperate with the CAISO with respect to such filing and to provide any information reasonably requested by the CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** The Approved Project Sponsor shall comply with all applicable provisions of the CAISO Tariff.
- 3.3 Relationship Between this Agreement and the CAISO Tariff.** If and to the extent a provision of this Agreement is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Approved Project Sponsor, the CAISO Tariff shall govern.
- 3.4 Requirement to Become a Participating TO.** The Approved Project Sponsor agrees that the Project shall be placed under CAISO Operational Control upon completion of the Project. To the extent the Approved Project Sponsor is not already a Participating TO, the Approved Project Sponsor further agrees that it shall enter into the Transmission Control Agreement in sufficient time for its execution to become effective as of the date of energization of the Project and that it has met or shall meet all other CAISO Tariff requirements to become a Participating TO in accordance with Section 4.3 of the CAISO Tariff.
- 3.5 Relationship Between this Agreement and the Transmission Control Agreement.** Once the Approved Project Sponsor has entered into the Transmission Control Agreement, if and to the extent a matter specifically

addressed in this Agreement is inconsistent with the Transmission Control Agreement, the terms of the Transmission Control Agreement shall govern.

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Transmission Facilities.** The Approved Project Sponsor shall build and connect to the CAISO Controlled Grid the Project identified in Appendix A.
- 4.2 Transmission Interconnection Service.** Transmission Interconnection Service allows the Approved Project Sponsor to connect the Project to the facilities of an Interconnecting PTO or a transmission system that is not part of the CAISO Controlled Grid. Unless the Project connects solely to the facilities of the Approved Project Sponsor, the Approved Project Sponsor shall request Transmission Interconnection Service from the Interconnecting PTO or other entity according to the milestones set forth in Appendix B and shall comply with the Interconnecting PTO's or other entity's applicable transmission interconnection procedures. The Approved Project Sponsor must obtain a separate agreement for Transmission Interconnection Service from the Interconnecting PTO or any other entity to whose facilities the Project will interconnect. This separate agreement with each Interconnecting PTO or other entity must provide, at a minimum, for the Interconnecting PTO or other entity to take any procedural steps required in this Agreement with respect to the transmission interconnection, including Sections 5.3.4, 5.4.2, 5.4.3, 5.5.1.3, 5.6.2, 6.1, 8.1, and 9.2, and must identify the Transmission Interconnection Facilities that an Interconnecting PTO is responsible for, and must pay for in accordance with Section 24.14.2 of the CAISO Tariff.
- 4.2.1** The Transmission Interconnection Service agreement shall require that the Interconnecting PTO or other entity providing Transmission Interconnection Service provide to the CAISO, every ninety (90) calendar days until the Project is energized and under CAISO Operational Control, a Transmission Interconnection Facilities status report. Such status report shall include project schedule; permit and license status, including environmental, state, and local permits and licenses; right-of-way acquisition status, if required; land acquisition status, if required; design and engineering status; status of contracts for project work, including land, procurement, and staffing; construction status; testing status; events creating risks and obstacles to project completion; and project budget, including actuals, estimate to complete, and contingency. The format for the report shall be in accordance with the Business Practice Manual for the Transmission Planning Process.
- 4.3 Approved Project Sponsor to Meet Requirements of the Interconnecting PTO's Interconnection Handbook.** If applicable, the Approved Project Sponsor shall comply with the Interconnecting PTO's Interconnection Handbook for the transmission interconnections.

- 4.4 Performance Standards.** Each Party shall perform all of its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. To the extent a Party is required to take or prevented from or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its lack of compliance therewith, and if such Party is the CAISO, then the CAISO shall have the authority to amend this Agreement unilaterally to eliminate the conflict with such regulations or standards and shall submit the amendment to FERC for approval, if applicable.

ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

- 5.1 General.** The Approved Project Sponsor shall, at its expense, design, procure, construct, own, and install the Project, as set forth in Appendix A. The Approved Project Sponsor shall comply with all requirements of law and shall assume responsibility for the design, procurement, and construction of the Project using Good Utility Practice and the standards and specifications provided by the Interconnecting PTO or other entity, if applicable. The Project shall be based on the assumed accuracy and completeness of all technical information received by the CAISO from the Approved Project Sponsor and by the Approved Project Sponsor from any Interconnecting PTO or other entity providing Transmission Interconnection Service. Changes to the Project design described in this Agreement must be approved by the CAISO in accordance with Section 5.9 of this Agreement. Unless otherwise agreed by the Parties, the Approved Project Sponsor shall select the testing date and the energization date for the Project consistent with the Approved Project Sponsor's application approved by the CAISO, and such dates shall be set forth in Appendix B (Milestones).
- 5.2 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Approved Project Sponsor shall provide information to the CAISO regarding the design and compatibility of the Project and the Transmission Interconnection Facilities, and shall work diligently and in good faith to make any necessary design changes to the Project, subject to approval by the CAISO in accordance with Section 5.9. The Parties shall amend the description of the Project set forth in Appendix A to reflect any agreed changes to the Project.
- 5.3 Initial Construction Plan and Reporting Requirements.** The Approved Project Sponsor shall keep the CAISO advised monthly as to the progress of the financing, procurement, and construction efforts with respect to the Project, via email or verbal discussion as agreed upon by the Parties, and in accordance with the timeframes specified herein.
- 5.3.1** The Approved Project Sponsor shall provide the CAISO with the initial construction plan one hundred twenty (120) calendar days after the Approved Project Sponsor has been selected in accordance with Section

24.4.1 of the CAISO Tariff. The plan shall include: land acquisition and permits requirements, status, and schedule; materials procurement requirements, status, and schedule; construction financing status and schedule; and Project contact information, if different than as identified in the selection process.

5.3.2 Every ninety (90) calendar days after the initial construction plan is received until the Project is energized and under CAISO Operational Control, the Approved Project Sponsor shall provide the CAISO with a construction plan status report. Such status report shall include the Project schedule; permit and license status, including environmental, state, and local permits and licenses; right-of-way acquisition status; land acquisition status; design and engineering status; events that might affect the ability to meet design specifications; status of contracts for project work, including land, procurement, and staffing; Interconnecting PTO or other entity interconnection agreements; construction status; testing status; risks and obstacles to project completion; and Project budget status, including actuals, estimate to complete, and contingency. The format for the report shall be in accordance with the Business Practice Manual for the Transmission Planning Process.

5.3.3 Pursuant to Section 24.6.1 of the CAISO Tariff, the CAISO will send Project status reports received in accordance with Section 5.3.2 to the applicable Interconnecting PTO and then the CAISO will hold a call with the Interconnecting PTO to review the status report, including completion date and items of concern.

5.3.4 If, at any time, the Approved Project Sponsor determines, in consultation with the CAISO and Interconnecting PTO or other entity providing Transmission Interconnection Service, that the completion of the Interconnecting PTO's or other entity's Transmission Interconnection Facilities will not be required until after the specified energization date set forth in Appendix B (Milestones), the Approved Project Sponsor shall provide written notice to the Interconnecting PTO or other entity and to the CAISO of such later date upon which the completion of the Interconnecting PTO's or other entity's Transmission Interconnection Facilities will be required.

5.4 Submission and Review of Project Specifications.

5.4.1 The Approved Project Sponsor shall submit specifications for major Project equipment and/or materials, including System Protection Facilities, to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service, for review and comment at least thirty (30) calendar days prior to the date that procurement is scheduled to commence. The Approved Project Sponsor shall provide the CAISO and

the Interconnecting PTO or other entity the opportunity to review such specifications to ensure that the Project is compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the CAISO and the Interconnecting PTO or other entity providing Transmission Interconnection Service, and to provide comment on such specifications within fifteen (15) calendar days after the submission. All specifications provided hereunder shall be deemed Confidential Information subject to the provisions of Article 19.

- 5.4.2** The Approved Project Sponsor shall submit final specifications for major Project equipment and/or materials, including System Protection Facilities, if the specification differs from the specification submitted in accordance with Section 5.4.1, to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service, for review at least one hundred eighty (180) calendar days prior to the date that testing is scheduled to commence pursuant to Appendix B (Milestones). The Approved Project Sponsor shall submit to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service final specifications for review and comment at least ninety (90) calendar days prior to the date testing is scheduled to commence. If material and/or equipment is different from the original specification submittal, the Approved Project Sponsor shall provide the CAISO and the Interconnecting PTO or other entity the opportunity to review such specifications to ensure that the Project is compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements and to provide comments within thirty (30) calendar days after each submission. All specifications provided hereunder shall be deemed Confidential Information subject to the provisions of Article 19.
- 5.4.3** Final specification review by the CAISO and by the Interconnecting PTO or other entity shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability, or reliability of the Project or the Interconnecting PTO's Transmission Interconnection Facilities. As described in Section 5.4.2, Approved Project Sponsor shall make such changes to the Project as may reasonably be required by the Interconnecting PTO, other entity, or the CAISO, in accordance with Good Utility Practice, to ensure that the Project is compatible with the technical specifications, Operational Control, and safety requirements of the Interconnecting PTO, other entity, or the CAISO.

5.5 Construction Activities.

5.5.1 The Approved Project Sponsor shall commence construction of the Project as soon as practicable, consistent with the schedule set forth in Appendix B (Milestones), after the following additional conditions are satisfied:

5.5.1.1 The Approved Project Sponsor has obtained appropriate Governmental Authority approval for any facilities requiring regulatory approval.

5.5.1.2 The Approved Project Sponsor has obtained necessary permits, real property rights, and rights-of-way, to the extent required for the construction of the Project.

5.5.2 At least thirty (30) calendar days prior to commencement of Project construction, the Approved Project Sponsor shall provide to the CAISO, for informational purposes, a construction schedule for the Interconnecting PTO's or other entity's Transmission Interconnection Facilities.

5.5.3 At any time during construction, should any phase of the Project engineering, equipment procurement, or construction not meet the standards and specifications provided by the Interconnecting PTO or other entity, the Approved Project Sponsor shall be obligated to remedy deficiencies in that portion of the Project.

5.5.4 The Approved Project Sponsor shall indemnify the CAISO for claims arising under this Agreement resulting from Project construction under the terms and procedures specified in Section 15.1 Indemnity.

5.5.5 If, during Project development, siting, design, engineering, construction, or testing, the Approved Project Sponsor decides to use a vendor, or any other Project team member, that is different than the vendor or team member specifically set forth in the Project Sponsor proposal submitted by the Approved Project Sponsor in accordance with the Business Practice Manual for the Transmission Planning Process, the Approved Project Sponsor shall notify the CAISO within ten (10) calendar days after the decision to make the change. Upon notification, the CAISO may take whatever action is necessary to ensure that the selected vendor or Project team member will at a minimum provide the same level of service that would have been provided by the vendor or Project team member described in the Approved Project Sponsor's proposal.

5.6 Final Project Design

5.6.1 As soon as reasonably practicable, but within twelve months after Project construction completion, the Approved Project Sponsor shall provide a

summary of the final construction cost, which summary shall set forth sufficient detail to enable the CAISO to understand the Project costs, including a written explanation for the use of contingency and any cost overruns in excess of the cost estimate provided in Appendix E.

5.6.2 The Project shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) calendar days after the Project has been turned over to the CAISO's Operational Control, unless the CAISO and Approved Project Sponsor agree on another mutually acceptable date, the Approved Project Sponsor shall deliver to the Interconnecting PTO or other entity and to the CAISO "as-built" drawings, information, and documents for the Project. This information shall include, as applicable: (i) a one-line diagram; (ii) a site plan drawing showing the Project, including plan and elevation drawings showing the layout of the Transmission Interconnection Facilities; (iii) a relay functional diagram, relaying AC and DC schematic wiring diagrams, and relay settings for all facilities associated with the Project; and (iv) the impedances, determined by factory tests, for the associated transformers. The Approved Project Sponsor shall provide the Interconnecting PTO or other entity and the CAISO specifications for the protection settings, transformer tap settings, and communications, if applicable. The Interconnecting PTO or other entity and the CAISO shall assess any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Approved Project Sponsor pursuant to the appropriate provisions of this Agreement and the agreement between the Approved Project Sponsor and the Interconnecting PTO or other entity.

5.6.3 The obligations under this Section 5.6, including Sections 5.6.1, 5.6.2, and 5.6.3, shall survive termination of this Agreement.

5.7 Delay in Project. If the CAISO receives notification from the Approved Project Sponsor that Project energization will be delayed beyond the date by which the CAISO found the Project to be needed, pursuant to Section 24.6.2 of the CAISO Tariff the CAISO shall issue a market notice to market participants stating that the Project is delayed. If applicable, the market notice shall also state that a plan is being developed to address potential NERC reliability standard violations as set forth in Section 24.6.3 of the CAISO Tariff, as well as any material concerns.

5.7.1 The CAISO shall determine if there is a potential NERC violation, for either the CAISO or applicable Interconnecting PTO, arising from any Project energization delay and will determine if there are other material issues of concern as required in accordance with Section 24.6.3 of the CAISO Tariff. If there are potential violations or material issues, the CAISO, Approved Project Sponsor, and applicable Interconnecting PTO shall develop a plan to address the delay. The plan may include the CAISO directing the Interconnecting PTO to develop a mitigation plan.

5.7.2 If violations or material issues cannot be promptly and adequately addressed, the CAISO will take action to resolve the issues, including determining if an alternative Project Sponsor is required.

5.8 Delay in Approvals, Property Acquisition, or Construction. If the timeline set forth in Appendix B is unreasonably delayed, the CAISO shall consult with the Approved Project Sponsor. After such consultation, should the CAISO determine that (i) the Approved Project Sponsor cannot secure necessary approvals or property rights, including fee title, right of way grant, and easement and license rights, essential for construction of the Project, or (ii) the Approved Project Sponsor is otherwise unable to timely construct the Project, or (iii) an alternative Project Sponsor is necessary pursuant to Section 24.6.4 of the CAISO Tariff; or, alternatively, if the Approved Project Sponsor determines that it is unable to proceed with construction and so notifies the CAISO, the CAISO shall take such action, including termination of this Agreement, as it determines to be necessary and appropriate in accordance with Section 24.6.4 of the CAISO Tariff. If either Party determines that an alternative Project Sponsor should be selected consistent with Section 24.6.4 of the CAISO Tariff, the Approved Project Sponsor agrees to work with CAISO, the alternative Project Sponsor, and, if applicable, the Interconnecting PTO to transfer responsibility for the Project to the alternative Project Sponsor.

5.9 Modification.

5.9.1 The Approved Project Sponsor may undertake modifications to its facilities only with the approval of the CAISO and subject to the provisions of this Agreement and the CAISO Tariff. If the Approved Project Sponsor plans to undertake a modification, it shall provide such information regarding such modification to the CAISO as the CAISO deems necessary to evaluate the potential impact of such modification prior to commencement of the work. Such information shall include information concerning the timing of such modification, any technical information, and cost impact. The Approved Project Sponsor shall provide the relevant drawings, plans, and specifications to the CAISO at least ninety (90) calendar days in advance of the commencement of the work or within such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned, or delayed. The CAISO shall determine if a modification is in accordance with the original Project criteria and intent and whether to approve the modification within thirty (30) calendar days after the Approved Project Sponsor's submission.

5.9.2 Any additions, modifications, or replacements made to the Project's facilities shall be designed, constructed, and operated in accordance with this Agreement, Applicable Laws and Regulations, and Good Utility Practice.

5.9.3 Any modifications to the Project's facilities ordered by a siting agency are not subject to CAISO approval. However, the Approved Project Sponsor is required to notify the CAISO within thirty (30) calendar days after the siting agency has issued an order directing Project modifications.

5.10 Generator Interconnection Study Process.

5.10.1 The Approved Project Sponsor shall be responsible for completing any existing studies for generator interconnection to the Project that were in the Approved Project Sponsor's generation interconnection queue upon the Effective Date of this Agreement. The CAISO and any impacted Participating TO will perform studies regarding such requests as an Affected System.

5.10.2 Any requests for generation interconnection to the Project submitted to the Approved Project Sponsor following the Effective Date of this Agreement shall be directed to the CAISO Interconnection Request process. The Approved Project Sponsor shall assume the functions of a Participating TO in accordance with Appendix DD of the CAISO Tariff, including performing Phase I, Phase II, and reassessment analysis for generator interconnection requests to the Project. The Approved Project Sponsor will be reimbursed the actual costs incurred for the analysis similar to the Participating TOs.

5.10.3 Any Generator Interconnection Agreements for interconnection to the Project shall be executed consistent with the relevant terms and conditions of the CAISO Tariff.

5.10.4 The obligations under this Section 5.10, including Sections 5.10.1, 5.10.2, 5.10.3, and 5.10.4 shall survive termination of this Agreement.

5.11 Planning Authority. The CAISO is the Planning Authority, as that term is defined by NERC, for the Project from the time it is identified in the CAISO's Transmission Planning Process and approved by the CAISO Governing Board, regardless of the status of Project construction or energization. As such, the Approved Project Sponsor shall be subject to the rights and obligations set forth in CAISO Tariff Section 24 that are applicable to Participating TOs as they pertain to the Project.

5.12 Tax Status. Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the CAISO's or the Approved Project Sponsor's tax exempt status with respect to the issuance of bonds, including Local Furnishing Bonds, if any.

ARTICLE 6. TESTING AND INSPECTION

- 6.1 Testing and Modifications.** Prior to energizing the Project for testing, the Interconnecting PTO or other entity shall test the Interconnecting PTO's or other entity's Transmission Interconnection Facilities, and the Approved Project Sponsor shall test the Project to ensure their safe and reliable operation. All testing shall be coordinated and approved by the CAISO to ensure grid reliability. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. The Approved Project Sponsor shall not commence initial parallel operation of the Project until the Interconnecting PTO or other entity provides prior written approval to the CAISO and the Approved Project Sponsor.
- 6.2 Right to Observe Testing.** The Approved Project Sponsor shall notify the CAISO at least fourteen (14) calendar days in advance of its performance of tests. The CAISO has the right, at its own expense, to observe such testing.
- 6.3 Right to Inspect.** The CAISO shall have the right, but shall have no obligation, to (i) observe the Approved Project Sponsor's tests and/or inspection of any of its System Protection Facilities and other protective equipment; and (ii) review the settings of the Approved Project Sponsor's System Protection Facilities and other protective equipment at its expense. The CAISO may exercise these rights from time to time as it deems necessary upon reasonable notice to the Approved Project Sponsor. The exercise or non-exercise by CAISO of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Project or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that CAISO obtains through the exercise of any of its rights under this Section 6.3 shall be deemed to be Confidential Information and treated pursuant to Article 19 of this Agreement.

ARTICLE 7. METERING

(Only required if Balancing Authority Area boundary change)

- 7.1 General.** The Approved Project Sponsor shall comply with any Applicable Reliability Standards and the Applicable Reliability Council requirements regarding metering. The Approved Project Sponsor and CAISO shall comply with the provisions of the CAISO Tariff regarding metering, including Section 10 of the CAISO Tariff. Power flows to and from the Project shall be measured at or, at the CAISO's option for its respective Metering Equipment, compensated to, the Scheduling Point. The CAISO shall provide metering quantities to the Approved Project Sponsor upon request in accordance with the CAISO Tariff by directly polling the CAISO's meter data acquisition system. The Approved Project Sponsor shall bear all reasonable documented costs associated with the

purchase, installation, operation, testing, and maintenance of the Metering Equipment.

ARTICLE 8. COMMUNICATIONS

- 8.1 Approved Project Sponsor Obligations.** The Approved Project Sponsor shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and with the Interconnecting PTO's or other entity's dispatcher or such other representative designated by the Interconnecting PTO or other entity during synchronization, testing, and energization. The Approved Project Sponsor shall provide standard voice line, dedicated voice line, and facsimile communications at the Project's control room or central dispatch facility through use of either the public telephone system or a voice communications system that does not rely on the public telephone system. The Approved Project Sponsor shall also provide the dedicated data circuits necessary to provide Approved Project Sponsor data to the CAISO and Interconnecting PTO as set forth in Appendix C, Security Arrangements Details. The data circuits shall extend from the Project to the locations specified by the CAISO and Interconnecting PTO. Any required maintenance of such communications equipment shall be performed by the Approved Project Sponsor. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, and equipment clearances.

ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council operating requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 CAISO Obligations.** The CAISO shall cause the Interconnecting PTO's transmission system to be operated and controlled in a safe and reliable manner during testing and synchronization and before the Approved Project Sponsor turns the Project over to CAISO Operational Control. The CAISO may provide operating instructions to the Approved Project Sponsor consistent with this Agreement and the Interconnecting PTO's and CAISO's operating protocols and procedures as they may change from time to time. The Interconnecting PTO and CAISO will consider changes to their operating protocols and procedures proposed by the Approved Project Sponsor.
- 9.3 Approved Project Sponsor Obligations.** The Approved Project Sponsor shall at its own expense operate, maintain, and control the Project in a safe and reliable manner and in accordance with this Agreement in advance of turning over Operational Control to the CAISO. Appendix A, Project Details, sets forth

applicable requirements of the CAISO Balancing Authority Area and may be modified by mutual agreement of the Parties to reflect changes to the requirements as they may change from time to time. The Approved Project Sponsor shall not energize the Project with the Interconnecting PTO's or other entity's transmission system until the Interconnecting PTO or other entity provides prior written approval.

- 9.4 Start-Up and Synchronization.** The Parties shall establish agreed procedures for start-up, testing, and energization of the Project to the CAISO Controlled Grid prior to start-up of the Project. The Approved Project Sponsor shall be responsible for proper start-up and energization of the Project in compliance with the established procedures.

ARTICLE 10. COST RECOVERY, BILLING, AND PAYMENT

- 10.1 Transmission Revenue Requirement.** The Approved Project Sponsor may apply to FERC for a Transmission Revenue Requirement for transmission facilities not yet in operation, but approved under the transmission planning provisions of the CAISO Tariff, that will be Regional Transmission Facilities or Local Transmission Facilities when placed under the CAISO's Operational Control. If FERC approves such Transmission Revenue Requirement, the CAISO shall incorporate the Transmission Revenue Requirement into the Regional Access Charge or Local Access Charge in accordance with the CAISO Tariff. The Approved Project Sponsor acknowledges and agrees with the cost estimates and the binding cost cap, or other binding cost containment measures, if applicable, set forth in Appendix E.

[Include the following clause if the Approved Project Sponsor agrees to a cost cap or other binding cost containment measures.]

10.1.1 The Approved Project Sponsor agrees that it shall not seek, for recovery through its Transmission Revenue Requirement, higher costs than the maximum costs specified in, or determined in accordance with, any cost cap or other binding cost containment measures as specified in Appendix E.. The Approved Project Sponsor shall not seek recovery through its Transmission Revenue Requirement of any incentives or other costs that it has agreed to forego, as specified in Appendix E. The Approved Project Sponsor further agrees that the Transmission Control Agreement shall incorporate the Project cost cap or any other agreed-to binding cost containment measures agreed to or proposed by the Approved Project Sponsor. The provisions of this Section 10.1.1 shall survive termination of this Agreement.

- 10.2 Application of CAISO Tariff.** The CAISO and Approved Project Sponsor shall comply with the billing and payment provisions set forth in the CAISO Tariff.

10.3 Refund Obligation. The Approved Project Sponsor, whether or not it is subject to FERC rate jurisdiction under Section 205 and Section 206 of the Federal Power Act, shall make all refunds, adjustments to its Transmission Revenue Requirement, and adjustments to its Approved Project Sponsor Tariff, and do all other things required to implement any FERC order related to the CAISO Tariff, including any FERC order the implementation of which necessitates the CAISO making payment adjustments or paying refunds to, or receiving prior period overpayments from, the Approved Project Sponsor. All such refunds and adjustments shall be made, and all other actions taken, in accordance with the CAISO Tariff, unless the applicable FERC order requires otherwise. These obligations under this Section 10.3 shall survive termination of this Agreement.

ARTICLE 11. REGULATORY REQUIREMENTS AND GOVERNING LAWS

11.1 Regulatory Requirements. Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, and compliance with the prior notice requirements of such Governmental Authorities. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require the Approved Project Sponsor to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.

11.2 Governing Law.

11.2.1 The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of California, without regard to its conflicts of law principles.

11.2.2 This Agreement is subject to all Applicable Laws and Regulations.

11.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 12. NOTICES

12.1 General. Unless otherwise provided in this Agreement, any notice, demand, or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered, or delivered by (i) recognized national courier, (ii) depositing the same with the United States Postal Service with postage prepaid for delivery by certified or

registered mail, addressed to the Party, or (iii) personal delivery to the Party, at the address set out in Appendix D, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix D as information changes. A Party may change the notice information in this Agreement by giving five Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this Agreement.

- 12.2 Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to another and not required by this Agreement to be given in writing may be given by telephone, facsimile, or e-mail to the telephone numbers and e-mail addresses set out in Appendix D.
- 12.4 Operations Notice.** Each Party shall notify the other Party in writing of the identity of the person that it designates as the point of contact with respect to the implementation of Article 9.
- 12.5 Project Management.** If the Approved Project Sponsor desires to change the identified project management, including key personnel, the Approved Project Sponsor shall notify the CAISO in writing thirty (30) calendar days in advance for approval. Such approval shall not be unreasonably withheld.

ARTICLE 13. FORCE MAJEURE

13.1 Force Majeure.

13.1.1 No Party shall be considered to be in Default with respect to any obligation hereunder if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred, and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

13.1.2 If required, the Parties shall revise this Agreement, including Appendix B and Appendix E, following a Force Majeure event.

ARTICLE 14. DEFAULT

- 14.1. General.** No Default shall exist where failure to discharge an obligation, other than the payment of money, is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party shall give written notice of such Breach to the Breaching Party. The Breaching Party shall have thirty (30) calendar days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) calendar days, the Breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 14.2 Right to Terminate.** If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party shall have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs and be relieved of any further obligation hereunder and, whether or not such Party terminates this Agreement, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article shall survive termination of this Agreement.
- 14.3 Notice to Financing Parties.** If, as contemplated by Section 16.1, the Approved Project Sponsor has provided notice to the CAISO of an assignment of this Agreement for collateral security purposes to aid in providing financing for the Project, then (a) if such notice of collateral assignment so indicates and contains notice information for the collateral assignee, the CAISO shall provide a copy to collateral assignee identified in such notice of any notice of Breach given by the CAISO to the Approved Project Sponsor and (b) such collateral assignee shall have the right, but no obligation, to effect cure of the Breach on behalf of the Approved Project Sponsor, and any performance of any obligations under this Agreement by such collateral assignee shall be accepted by the CAISO to the same extent as though the Approved Project Sponsor had directly performed such obligations.

ARTICLE 15. INDEMNITY AND CONSEQUENTIAL DAMAGES

- 15.1 Indemnity.** Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold the other Party (the “Indemnified Party”) harmless from any and all Losses arising out of or resulting from the Indemnifying Party's action or inactions of its obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

15.1.1 Indemnified Party. If the Indemnified Party is entitled to indemnification under this Article 15 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 15.1 to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle, or consent to the entry of any judgment with respect to, or pay in full, such claim.

15.1.2 Indemnifying Party. If the Indemnifying Party is obligated to indemnify and hold the Indemnified Party harmless under this Article 15, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.

15.1.3 Indemnity Procedures. Promptly after receipt by the Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 15.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include the Indemnified Party and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it that are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit, or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit, or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit, or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any

judgment in any action, suit, or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned, or delayed.

- 15.2 Consequential Damages.** In no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including loss of profit or revenue, loss of the use of equipment, cost of capital, or cost of temporary equipment or services, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement shall not be considered to be special, indirect, incidental, or consequential damages hereunder.
- 15.3 Continuity of Obligations.** The obligations and liability limitations under this Article 15 shall survive termination of the Agreement.

ARTICLE 16. ASSIGNMENT

- 16.1 Assignment.** This Agreement may be assigned by the Approved Project Sponsor only with the written consent of the CAISO, whose consent shall not be unreasonably withheld. The CAISO will not approve the assignment unless the assignee (i) meets the competitive solicitation qualification requirements set for in CAISO Tariff Section 24.5.3.1; (ii) agrees to honor the cost containment measures or cost caps specified in Appendix E, if applicable; (iii) agrees to meet the factors that the CAISO relied upon in selecting the Approved Project Sponsor; and (iv) assumes the rights and obligations contained in this Agreement; provided, however, that the Approved Project Sponsor shall have the right to assign this Agreement, without the consent of the CAISO, for collateral security purposes to aid in providing financing for the Project, provided that the Approved Project Sponsor shall promptly notify the CAISO of any such assignment, including identification of the assignee and contact information. Any financing arrangement entered into by the Approved Project Sponsor pursuant to this Article shall 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 shall notify the CAISO of the date and particulars of any such exercise of assignment rights. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this 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.

ARTICLE 17. SEVERABILITY

- 17.1 Severability.** If any provision in this Agreement is finally determined to be invalid, void, or unenforceable by any court or other Governmental Authority

having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant of this Agreement.

ARTICLE 18. COMPARABILITY

- 18.1 Comparability.** The Parties shall comply with all applicable comparability and code of conduct laws, rules, and regulations, as amended from time to time.

ARTICLE 19. CONFIDENTIALITY

- 19.1 Confidentiality.** Confidential Information shall include all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to the other Party prior to the execution of this Agreement.

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 receiving the information that the information is confidential.

If requested by a Party, the other Party shall provide in writing the basis for asserting that the information referred to in this Article 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.

- 19.1.1 Term.** During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article, each Party shall hold in confidence and shall not disclose Confidential Information to any person.

- 19.1.2 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 this Agreement; or (6) is required, in accordance with Section 19.1.7 of this Agreement, 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 this Agreement. Information designated as Confidential Information shall no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

19.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's regulations, 18 C.F.R. Section 358), and subcontractors, or to parties who may be or considering providing financing to or equity participation with the Approved Project Sponsor, or to potential purchasers or assignees of the Approved Project Sponsor, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 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 Article.

19.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party 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.

19.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation 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 Party or to enter into any further agreements or proceed with any other relationship or joint venture.

19.1.6 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 under this Agreement or its regulatory requirements.

19.1.7 Order of Disclosure. If a court or another 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 Party with prompt notice of such request or requirement so that the other Party may seek an appropriate protective order or waive compliance with the terms

of this Agreement. 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 shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

19.1.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten (10) calendar days after receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete, with such destruction, erasure, and deletion certified in writing to the other Party, or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party, unless subject to retention for litigation or regulatory purposes.

19.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article. Each Party accordingly agrees that the other Party 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 Article, 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 Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that 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 Article.

19.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 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 this Agreement, 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. A Party is prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party 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 if consistent with the applicable state rules and regulations.

19.1.11 Subject to the Exception in Section 19.1.10. Subject to the exception in Section 19.1.10 and consistent with the provisions of Sections 19.1.3 and 19.1.7, Confidential Information shall not be disclosed by a Party to any person not employed or retained by that Party, 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 the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Balancing Authority including disclosing the Confidential Information to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party 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 Section 19.1.11, the disclosing Party shall promptly notify the other Party in writing and shall 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.

ARTICLE 20. ENVIRONMENTAL RELEASES

- 20.1** Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, including hazardous wastes as defined by local, state, and federal law, any asbestos or lead abatement activities, or any type of remediation activities related to the Project or the Transmission Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (i) provide the notice as soon as practicable, for an occurrence that may present an immediate risk to human health or the environment; (ii) make a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence for an event that may present an immediate risk to human health or the environment; and (iii) promptly furnish to the other Party information necessary for the designated Party to notify any Governmental Authorities of the event as required by law or Project-specific conditions. Copies of any publicly available reports shall be distributed to the other Party regarding such events.

ARTICLE 21. INFORMATION ACCESS AND AUDIT RIGHTS

- 21.1 Information Access.** Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Section 21.1 and to enforce their rights under this Agreement. Nothing in this Article shall obligate the CAISO to make available to a Party any third party information in its possession or control if making such third party information available would violate a CAISO Tariff restriction on the use or disclosure of such third party information.
- 21.2 Reporting of Non-Force Majeure Events.** Each Party (the “notifying Party”) shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation, or information provided under this Section shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.
- 21.3 Audit Rights.** Subject to the requirements of confidentiality under Article 19 of this Agreement, the CAISO audit rights shall include the CAISO’s right to audit

the Approved Project Sponsor's costs pertaining to performance or satisfaction of obligations under this Agreement.

21.3.1 The CAISO shall have the right, during normal business hours, and upon prior reasonable notice to the Approved Project Sponsor, to audit at its own expense the accounts and records pertaining to satisfaction of obligations under this Agreement. Subject to Section 21.3.2, any audit authorized by this Section 21.3 shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to performance and satisfaction of obligations under this Agreement. The Approved Project Sponsor shall keep such accounts and records for a period equivalent to the audit rights periods described in Section 21.4.

21.3.2 Notwithstanding anything to the contrary in this Agreement, the Approved Project Sponsor's rights to audit the CAISO's accounts and records shall be as set forth in Section 21.1 of the CAISO Tariff.

21.4 Audit Rights Period for Construction-Related Accounts and Records.

Accounts and records related to the design, engineering, procurement, and construction of Project constructed by the Approved Project Sponsor shall be subject to audit and verification by the CAISO for a period of twenty-four months following the issuance of a final cost summary in accordance with Section 5.2.7.

ARTICLE 22. SUBCONTRACTORS

22.1 General. Subject to Section 5.5.5, nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services, and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

22.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the CAISO be liable for the actions or inactions of the Approved Project Sponsor or its subcontractors with respect to obligations of the Approved Project Sponsor under Article 4 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

ARTICLE 23. DISPUTES

- 23.1 General.** All disputes arising out of or in connection with this Agreement whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Section 13 of the CAISO Tariff, except that references to the CAISO Tariff in such Section 13 of the CAISO Tariff shall be read as references to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Section 13 of the CAISO Tariff shall be resolved as follows:
- 23.2 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its 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 after 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 Agreement.
- 23.3 External Arbitration Procedures.** Any arbitration initiated under this Agreement 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 after 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 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; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article, the terms of this Article shall prevail.
- 23.4 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator shall render a decision within ninety (90) calendar days after appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator shall be authorized only to interpret and apply the provisions of this

Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator 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 may be appealed solely on the grounds that the conduct of the arbitrator, 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, and approved by, FERC if it affects jurisdictional rates, terms, and conditions of service, Transmission Interconnection Facilities, or Network Upgrades.

- 23.5 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.

ARTICLE 24. REPRESENTATIONS, WARRANTIES, AND COVENANTS

- 24.1 General.** Each Party makes the following representations, warranties, and covenants:

24.1.1 Good Standing. Such Party is duly organized, validly existing, and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Project and transmission facilities owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

24.1.2 Authority. Such Party has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles, regardless of whether enforceability is sought in a proceeding in equity or at law.

24.1.3 No Conflict. The execution, delivery, and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement, or

instrument applicable to or binding upon such Party or any of its assets.

24.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this Agreement, will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery, and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

24.1.5 Technical Specifications Accurate. The technical specifications provided by the Approved Project Sponsor to the CAISO are accurate and complete.

ARTICLE 25. MISCELLANEOUS

25.1 Binding Effect. This 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.

25.2 Conflicts. In the event of a conflict between the body of this Agreement and any attachment, appendices, or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.

25.3 Rules of Interpretation. This 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 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 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 Agreement or such Appendix to this Agreement, or such Section of the CAISO Tariff or such Appendix to the CAISO Tariff, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this 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”.

25.4 Entire Agreement. This 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 Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party’s compliance with its obligations under this Agreement.

25.5 No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest, and, where permitted, their assigns.

25.6 Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement shall 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 Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Termination or Default of this Agreement for any reason by the Approved Project Sponsor shall not constitute a waiver of the Approved Project Sponsor's legal rights to obtain an interconnection from the CAISO. Any waiver of any provision of this Agreement shall, if requested, be provided in writing.

25.7 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

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

25.9 Amendment. The Parties may by mutual agreement amend this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

25.10 Modification by the Parties. Except as described in Appendices B and E, the Parties may by mutual agreement amend the Appendices to this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall

become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

- 25.11 Reservation of Rights.** The CAISO has the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to any rates, terms and conditions, charges, classifications of service, rule, or regulation. The Approved Project Sponsor 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 Federal Power Act and FERC's rules and regulations. 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.
- 25.12 No Partnership.** This 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, the other Party.
- 25.13 Joint and Several Obligations.** Except as otherwise provided in this Agreement, the obligations of the CAISO and the Approved Project Sponsor are several, and are neither joint nor joint and several.

IN WITNESS WHEREOF, the Parties have executed this Agreement in multiple originals, each of which shall constitute and be an original effective agreement between the Parties.

[Approved Project Sponsor]

By: _____

Name: _____

Title: _____

Date: _____

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Appendices to Agreement

Appendix A Project Details

Appendix B Milestones

Appendix C Security Arrangements Details

Appendix D Addresses for Delivery of Notices and Billings

Appendix E Approved Project Sponsor's Costs of Project

Appendix A

Project Details

- 1. Description**

- 2. Transmission Interconnection Facilities**

- 3. Network Upgrades**

- 4. Distribution Upgrades**

- 5. Diagram of Project:**

- 6. Affected Systems:**

Appendix B

Milestones

1. Milestone Dates

[Example: The Milestones will be determined on a case-by-case basis.]

Item	Milestone	Responsible Party	Due Date ^{1/}
	Submit Construction Plan in accordance with Section 5.3.1 of this Agreement	Approved Project Sponsor	*
	Submit request for Transmission Interconnection Service to the applicable Interconnecting PTO	Approved Project Sponsor	
	Commence development activities including commencement of regulatory approvals; acquisition of land; and permits	Approved Project Sponsor	
	Commence engineering design	Approved Project Sponsor	
	Submit Construction Plan Status Report in accordance with Section 5.3.2 of this Agreement	Approved Project Sponsor	
	Complete engineering design	Approved Project Sponsor	
	Submit Project specifications in accordance with Section 5.4.1 of this Agreement	Approved Project Sponsor	
	Provide comments on Project specifications in accordance with Section 5.4.1 of this Agreement	CAISO	
	Commence procurement including material and resources	Approved Project Sponsor	
	Complete permitting activities in accordance with Section 5.5.1.1 of this Agreement	Approved Project Sponsor	
	Complete procurement including material and resources	Approved Project Sponsor	
	Execute agreement with applicable Interconnecting PTO prior to commencement of construction	Approved Project Sponsor	
	Commence Construction	Approved Project Sponsor	
	Submit a Participating TO application for the Project to the CAISO in accordance with Section 4.3.1.1 of the CAISO Tariff	Approved Project Sponsor	

	Milestone	Responsible Party	Due Date ^{1/}
	Submit final Project specifications in accordance with Section 5.4.2 of this Agreement	Approved Project Sponsor	
	Provide comments on final Project specifications in accordance with Section 5.4.2 of this Agreement	CAISO	
	Commence Testing	Approved Project Sponsor	
	Energization Date	Approved Project Sponsor	*
	Complete Construction	Approved Project Sponsor	
	In accordance with Section 5.6.2 provide final “as-built” drawings, information and other documents	Approved Project Sponsor	
	In accordance with Section 5.6.1 provide final costs of the Project	Approved Project Sponsor	

^{1/} Dates in this Appendix B are good faith estimates and can be modified as follows:

- * Change in milestone date requires an amendment to this Agreement pursuant to Section 25.10.
- ** Change in milestone date can be agreed to in writing by the representatives listed in Appendix D to this Agreement without further regulatory approval.

Appendix C

Security Arrangements Details

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, and Approved Project Sponsor interconnected to the CAISO Controlled Grid to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Approved Project Sponsor shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's standards for information security posted on the CAISO's internet web site at the following internet address: <http://www.caiso.com/pubinfo/info-security/index.html>.

Appendix D

Addresses for Delivery of Notices and Billings

Notices:

Approved Project Sponsor:

[Name]
[Address]

With a copy to:

[Name]
[Address]

Email:

CAISO:

California ISO
Attn: Infrastructure Contracts & Management
250 Outcropping Way
Folsom, CA 95630

QueueManagement@CAISO.com

Alternative Forms of Delivery of Notices (telephone, facsimile or e-mail):

Approved Project Sponsor:

[Name]
[Email]
[Phone]

CAISO:

Deb Le Vine
dlevine@caiso.com
(916) 351-2144

[Include if Approved Project Sponsor agrees to a cost cap.]

**Appendix E
Approved Project Sponsor’s Costs of Project**

The estimated cost components for the Project are as follows:

Transmission Line Costs	
Total	

Approved Project Sponsor may adjust the amounts in each cost category as needed during the term of this Agreement provided the total Project cost does not exceed \$xxx.

In accordance with Section 5.6.1, the Approved Project Sponsor shall provide a summary of the final cost of the construction of the Project as soon as reasonably practicable within twelve months of the completion of construction.