

California Independent System Operator Corporation
Fifth Replacement Tariff

B.11 Pro Forma Congestion Revenue Rights Entity Agreement

THIS AGREEMENT is dated this ____ day of _____, _____, and is entered into, by and between:

- (1) **[Full Legal Name]** having its registered and principal place of business located at **[Address]** (the "CRR Entity");

and
- (2) **California Independent System Operator Corporation** ("CAISO"), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The CRR Entity and the CAISO are hereinafter referred to individually as a "Party" and collectively as the "Parties."

Whereas:

- A.** The CAISO Tariff provides that any entity that holds or intends to hold CRRs must register and qualify with the CAISO and comply with the terms of the CAISO Tariff, regardless of whether they are to acquire CRRs through the CRR Allocation or CRR Auction, or through the Secondary Registration System.
- B.** The CRR Entity has completed the Candidate CRR Holder application process and is eligible to participate in the CRR Allocation or CRR Auction or register as a CRR Holder through the Secondary Registration System.
- C.** The CAISO Tariff further provides that any entity who wishes to participate in the CRR Allocation or CRR Auction or register as a CRR Holder through the Secondary Registration System must meet all of the Candidate CRR Holder requirements and creditworthiness provisions in the CAISO Tariff and the relevant Business Practice Manual, including demonstration of its ability to accommodate the financial responsibility associated with holding CRRs.
- D.** The CRR Entity intends to obtain CRRs either through the CRR Allocation or CRR Auction or to register as a CRR Holder through the Secondary Registration System and, therefore, wishes to undertake to the CAISO that it will comply with the applicable provisions of the CAISO Tariff.
- E.** The Parties are entering into this Agreement in order to establish the terms and conditions pursuant to which the CAISO and the CRR Entity will discharge their respective duties and responsibilities under the CAISO Tariff.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement in Appendix A of the CAISO Tariff.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency;
 - (b) the singular shall include the plural and vice versa;
 - (c) the masculine shall include the feminine and neutral and vice versa;
 - (d) “includes” or “including” shall mean “including without limitation”;
 - (e) references to a Section, Article, or Schedule shall mean a Section, Article, or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
 - (f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented, or restated through the date as of which such reference is made;
 - (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced, or restated from time to time;
 - (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization, or other entity, in each case whether or not having separate legal personality;
 - (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
 - (j) any reference to a day, week, month, or year is to a calendar day, week, month, or year; and
 - (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF CRR ENTITY AND CAISO

- 2.1 Scope of Application to Parties.** The CRR Entity and CAISO acknowledge that all Candidate CRR Holders or CRR Holders must sign this Agreement in accordance with section 4.10.1.9.1 of the CAISO Tariff.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by both Parties or the date accepted for filing and made effective by FERC, if such FERC filing is required, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.
- 3.2 Termination**
- 3.2.1 Termination by CAISO.** Subject to Article V, the CAISO may terminate this Agreement by giving written notice to the CRR Entity of termination in the event that the CRR Entity commits any material default under this Agreement and/or the CAISO Tariff as it pertains to this Agreement which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given, to the CRR Entity, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement or unless the CAISO agrees, in writing, to an extension of the time to remedy such material default. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement was filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the CAISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.
- 3.2.2 Termination by CRR Entity.** In the event that the CRR Entity is no longer a CRR Holder, it may terminate this Agreement, on giving the CAISO not less than ninety (90) days' written notice; provided, however, that any outstanding financial right or obligation or any other obligation under the CAISO Tariff of the Candidate CRR Holder or CRR Holder that have arisen while the CRR Entity was a Candidate CRR Holder or a CRR Holder, and any provision of this Agreement necessary to give effect to such right or obligation shall survive until satisfied. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met and the CAISO files the notice of termination within sixty (60) days after receipt of such request; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if such notice is required to be filed with FERC, or upon ninety (90) days after the CAISO's receipt of the CRR Entity's notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

- 4.1 CRR Holder Requirements.** The CRR Entity must register and qualify with the CAISO and comply with all terms of the CAISO Tariff applicable to Candidate CRR Holders or CRR Holders, regardless of the manner in which they acquire CRRs whether by CRR Allocation, CRR Auction, or through the Secondary Registration System.

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- 4.2 CRR Holder Creditworthiness Requirements.** The CRR Entity must comply with the requirements for creditworthiness applicable to Candidate CRR Holders or CRR Holders, including the creditworthiness provisions of the CAISO Tariff and the relevant Business Practice Manual.
- 4.3 Settlement Account.** The CRR Entity shall maintain at all times an account with a bank capable of Fedwire transfer and, at its option, may also maintain an account capable of ACH transfers, to which credits or debits shall be made in accordance with the billing and Settlement provisions of Section 11 of the CAISO Tariff. Such account shall be the account as notified by the CRR Entity to the CAISO from time to time by giving at least seven (7) days written notice before the new account becomes operational.
- 4.4 Electronic Contracting.** All submitted applications, bids, confirmations, changes to information on file with the CAISO and other communications conducted via electronic transfer (e.g., direct computer link, FTP file transfer, bulletin board, e-mail, facsimile or any other means established by the CAISO) shall have the same legal rights, responsibilities, obligations and other implications as set forth in the terms and conditions of the CAISO Tariff as if executed in written format.
- 4.5 Agreement Subject to CAISO Tariff.** The Parties will comply with all provisions of the CAISO Tariff applicable to Candidate CRR Holders or CRR Holders. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein.

ARTICLE V

PERFORMANCE

- 5.1 Penalties.** The CRR Entity shall be subject to all penalties made applicable to Candidate CRR Holders and CRR Holders set forth in the CAISO Tariff. Nothing in this Agreement, with the exception of the provisions relating to the CAISO ADR Procedures, shall be construed as waiving the rights of the CRR Entity to oppose or protest the specific imposition by the CAISO of any FERC-approved penalty on the CRR Entity.
- 5.2 Corrective Measures.** If the CRR Entity or the CAISO fails to meet or maintain the requirements set forth in this Agreement and/or the CAISO Tariff as it pertains to this Agreement, the CAISO or the CRR Entity shall be permitted to take any of the measures, contained or referenced in the CAISO Tariff, which the Party seeking enforcement deems to be necessary to correct the situation.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The CRR Entity shall be responsible for all its costs incurred in connection with all its CRR related activities.

ARTICLE VII

DISPUTE RESOLUTION

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

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

ARTICLE IX

LIABILITY

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

ARTICLE X

UNCONTROLLABLE FORCES

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

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff and other CAISO Tariff requirements as applied to Candidate CRR Holders or CRR Holders. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to the CRR Entity and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 1. A Party must update the information in Schedule 1 of this Agreement as information changes. Such changes to Schedule 1 shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal

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action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: (i) any court of the State of California, (ii) any federal court of the United States of America located in the State of California, except to the extent subject to the protections of the Eleventh Amendment of the United States Constitution or, (iii) where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.
- 11.8 [NOT USED]**
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing herein shall be construed as affecting in any way the right of the CAISO to make unilateral application to FERC for a change in the rates, terms, and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the CRR Entity shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein. The standard of review FERC shall apply when acting upon proposed modifications to this Agreement by the CAISO shall be the "just and reasonable" standard of review rather than the "public interest" standard of review. The standard of review FERC shall apply when acting upon proposed modifications to this Agreement by FERC's own motion or by a signatory other than the CAISO or non-signatory entity shall also be the "just and reasonable" standard of review. Schedule 1 is provided for informational purposes and revisions to that schedule do not constitute a material change in the Agreement warranting FERC review.
- 11.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

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

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California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

[Name of CRR Entity]

By: _____

Name: _____

Title: _____

Date: _____

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SCHEDULE 1

NOTICES

[Section 11.2]

CRR Entity

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

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CAISO

Name of Primary

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____