

(ii) if the ISO is required to call for the involuntary curtailment of firm Load to maintain Applicable Reliability Criteria during the System Emergency, an additional charge equal to \$1,000 for each MWh of the Dispatch instruction with which the Participating Generator does not comply.

5.6.3.2 A Participating Generator shall not be subject to penalties pursuant to Section 5.6.3.1 if the Participating Generator can demonstrate to the ISO that it failed to comply with such a Dispatch instruction either because: (a) the Generating Unit, System Unit or System Resource that was the subject of the Dispatch instruction was physically incapable of responding in accordance with the instruction, provided that if such Participating Generator has not notified the ISO in advance that the Generating Unit, System Unit or System Resource was unavailable or de-rated, such Generating Unit, System Unit or System Resource will be presumed to be available; or (b) compliance with such Dispatch instruction would have resulted in a violation of an applicable requirement of state or Federal law, which requirement cannot be waived. A Participating Generator must notify ISO operations staff of its reason for failing to comply with the Dispatch instruction within the operating hour that the instruction is issued and must provide information to the ISO that verifies the reason the Participating Generator failed to comply with the Dispatch instruction within 72 hours of the operating hour in which the instruction is issued. Disputes concerning the cause of a Participating Generator's failure to comply with an ISO Dispatch instruction shall be subject to the Dispute Resolution provisions set forth in Section 13 of this ISO Tariff.

5.7 Interconnection of New Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

For purposes of this Section 5.7, a New Facility shall be:

- (a) each Generating Unit that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered and increase the total capability of the power plant; and
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria and trigger the application of Section 5.7.5(c).

The owner of a planned New Facility, or its designee, is referred to for purposes of this Section 5.7 as a New Facility Operator. Only New Facility Operators that have not submitted a Completed Interconnection Application, as defined under the applicable Interconnecting PTO's TO Tariff, to the Interconnecting PTO as of the effective date of this Section 5.7 are subject to its provisions.

5.7.2 Requests to Interconnect to the Distribution System.

Any request by a New Facility Operator to connect at distribution level voltage will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff of the Interconnecting PTO or CPUC Rule 21; provided, however, that the New Facility Operator shall be required to mitigate any adverse impact on reliability on the ISO Controlled Grid in accordance with Section 5.7.5. In addition, each Interconnecting PTO will provide to the ISO a copy of the System Impact Study used to determine the impact of a New Facility on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff.

5.7.3 Interconnection Application.

All New Facility Operators shall submit two copies of a Completed Interconnection Application to the ISO in the form specified by the ISO. The ISO will date stamp all copies of the

Interconnection Application, retain one executed copy, and, within 1 Business Day, send the other copy to the Designated Contact Person of the Interconnecting PTO. Within 10 Business Days after the Interconnecting PTO receives an Interconnection Application, the ISO and the Interconnecting PTO shall determine whether the application is complete and the ISO will notify the New Facility Operator that its Interconnection Application is complete; or, in the event that the ISO, in consultation with the Interconnecting PTO, determines that the Interconnection Application is incomplete, the ISO will notify the New Facility Operator of the deficiencies or omissions in its application.

5.7.3.1 Expedited Procedures For New Facilities.

A New Facility Operator may submit a Request for Expedited Interconnection Procedures in accordance with Section 5.7.3.1.1. The ISO will develop and post on the ISO Home Page the Planning Procedures applicable to such expedited processing of Interconnection Applications.

5.7.3.1.1 Request for Expedited Interconnection Procedures.

- (a) If it elects to expedite processing of its Completed Interconnection Application, a New Facility Operator shall submit a Request for Expedited Interconnection Procedures within 10 Business Days after receiving a copy of the System Impact Study for the proposed interconnection. The request should be submitted in writing to the ISO and the Interconnecting PTO.
- (b) Within 10 Business Days after receiving a Request for Expedited Interconnection Procedures, the ISO and Interconnecting PTO shall provide to applicant the results of any studies required in addition to the System Impact Study, and shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Interconnecting PTO for all costs reasonably incurred pursuant to the terms of the ISO Tariff and the Interconnecting PTO's applicable TO Tariff for processing the Completed Interconnection Application and providing the requested interconnection.

- (c) Concurrent with the provision, by the ISO and the Interconnecting PTO, of the studies referenced in subsection b, above, the Interconnecting PTO and the ISO shall provide to applicant their best estimate of the cost of any needed Direct Assignment Facilities and Reliability Upgrades, Delivery Upgrades, if requested by the New Facility Operator, and other costs that may be incurred in processing the Interconnection Application and providing the requested interconnection, however, unless otherwise agreed by the ISO, and the Interconnecting PTO, and the applicant, such cost estimate shall not be binding and the New Facility Operator shall compensate the ISO and the Interconnecting PTO for all actual interconnection costs reasonably incurred pursuant to the provisions of this Section 5.7 and the Interconnecting PTO's TO Tariff.
- (d) The New Facility Operator shall execute and return to the Interconnecting PTO, with a copy to the ISO, such Expedited Interconnection Agreement within 10 Business Days of its receipt or the New Facility Operator's Interconnection Application will be deemed withdrawn. In that event, the New Facility Operator shall reimburse the ISO and the Interconnecting PTO for all costs reasonably incurred in the processing of the Interconnection Application, including the Request for Expedited Interconnection.

5.7.3.2 Good Faith Deposit.

- (a) Each New Facility Operator that submits an Interconnection Application will on the date of submission also provide a Good Faith Deposit to the ISO. The ISO shall hold the Good Faith Deposit in trust for each applicant in a separate, interest-bearing account.
- (b) The ISO shall refund the Good Faith Deposit, with accrued Interest, in the event that:
 - (i) The ISO determines that the New Facility is not responsible for any interconnection costs, other than study costs; or
 - (ii) The applicant withdraws its Interconnection Application or its Interconnection Application is deemed withdrawn.

5.7.3.3 Posting of Interconnection Applications and Non-disclosure.

The ISO will maintain on its OASIS site an updated list of all pending Interconnection Applications. As soon as practicable after the ISO receives a Completed Interconnection Application, the ISO will post the nearest substation, the capacity (MW) of the New Facility and the year the New Facility is proposed to begin operations. At the time it submits its Interconnection Application, a New Facility Operator may request in writing that the ISO and Interconnecting PTO not publicly disclose the identity of such New Facility Operator. Upon such request, the ISO and Interconnecting PTO will not disclose the identity of the applicant while its Interconnection Application is pending, unless disclosure is permitted under Section 20.3.1 or in the event that an applicant's identity becomes otherwise publicly known.

5.7.4 Interconnection.

5.7.4.1 Detailed Planning Procedures.

The provisions set forth in this Section 5.7 shall govern the interconnection of New Facilities to the ISO Controlled Grid, including the costs of such interconnection. The ISO shall also maintain on the ISO Home Page detailed Planning Procedures and interconnection standards for all such interconnections. The ISO will develop, and post on the ISO Home Page, detailed procedures for updating the Planning Procedures.

5.7.4.2 Studies.

- (a) Except as provided in Section 5.7.4.2(d), for each Completed Interconnection Application, the ISO will direct the Interconnecting PTO to perform the required System Impact Study and Facility Study, and any additional studies the ISO determines to be reasonably necessary.
- (b) The Interconnecting PTO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this section. Any studies performed by the ISO

or by a third party at the direction of the ISO shall also be completed within the timelines provided in this section.

- (c) Each New Facility Operator shall pay the reasonable costs of all System Impact and Facility Studies performed by or at the direction of the ISO or the Interconnecting PTO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Application, including any iterative study costs required for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the procedures in Section 5.7.4.4. A New Facility Operator shall also pay the reasonable cost of Interconnecting PTO review of any System Impact Study or Facility Study that is performed by a New Facility Operator or its designee pursuant to subsection (d).
- (d) A New Facility Operator may perform its own System Impact Study and Facility Study, or contract with a third party to perform the System Impact Study and Facility Study, and shall so notify the ISO and the Interconnecting PTO of this election at the time it submits its Interconnection Application. Any such study or studies performed by a New Facility Operator or third party must be completed within the timelines identified in Sections 5.7.4.2.1 and 5.7.4.2.2. To the extent that the ISO and Interconnecting PTO disagree on the adequacy of the New Facility Operator or third party-sponsored study, the ISO will determine the adequacy of the study, subject to the ISO's ADR Procedures. The ISO and Interconnecting PTO shall complete their review of the New Facility Operator's study within 30 calendar days of receipt of the completed study. The results of any study or studies performed by a New Facility Operator or third party must be approved by both the ISO and the Interconnecting PTO.

5.7.4.2.1 System Impact Study Procedures.

Within 10 Business Days after receiving a Completed Interconnection Application by the Interconnecting PTO, the ISO and the Interconnecting PTO will determine, on a non-discriminatory basis, whether a System Impact Study is required. The ISO and the Interconnecting PTO will make such determination based on the ISO Grid Planning Criteria and the transmission assessment practices outlined in the ISO Planning Procedures posted on the ISO Home Page. The ISO and Interconnecting PTO will utilize, to the extent possible, existing transmission studies. The System Impact Study will identify whether any Direct Assignment Facilities and Reliability Upgrades are needed, as well as, if requested by the New Facility Operator, any Delivery Upgrades necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the Completed Application Date.

If the ISO and the Interconnecting PTO determine that a System Impact Study is necessary, the Interconnecting PTO shall within 20 Business Days of receipt of Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and pursuant to which the applicant shall agree to reimburse the Interconnecting PTO for the reasonable actual costs of performing the required study. The New Facility Operator shall execute the System Impact Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. Alternatively, a New Facility Operator can request that the Interconnecting PTO proceed with the System Impact Study and abide by the terms, conditions, and cost assignment of the System Impact Study Agreement as determined through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact

Study. If a New Facility Operator elects neither to execute the System Impact Study Agreement nor to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Interconnection Application. The Interconnecting PTO will use due diligence to complete the System Impact Study within 60 Calendar Days of receipt of payment and the System Impact Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the System Impact Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

5.7.4.2.2 Facility Study Procedures.

If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy a New Facility Operator's request for interconnection, the Interconnecting PTO shall, within 15 Business Days of the completion of the System Impact Study, tender to a New Facility Operator a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time to complete the required study, and pursuant to which the applicant agrees to reimburse the Interconnecting PTO for the actual costs of performing the required Facility Study. The New Facility Operator shall execute the Facility Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. Alternatively, a New Facility Operator may request that the Interconnecting PTO proceed with the Facility Study and abide by the terms, conditions, and cost assignment of the Facility Study Agreement ultimately determined through the ISO ADR

Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. If a New Facility Operator elects either to not execute the Facility Study Agreement or to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Application.

The Interconnecting PTO will use due diligence to complete the Facility Study within 60 Calendar Days of receipt of payment and the Facility Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the Facility Study within 60 Calendar Days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

A New Facility Operator shall be entitled to amend its Completed Interconnection Application once without losing its queue position. Such amendment shall occur on or before 10 Business Days following the Date the Interconnecting POT tenders a Facility Study Agreement.

Specifically, as an alternative to executing and returning a Facility Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 5.7.4.2.1 and the New Facility operator's Completed Interconnection Application shall not be deemed withdrawn, and it shall maintain its exiting queue position, if (a) the amended Completed Interconnection Application is received by the Interconnecting PTO within 10 Business Days of the Interconnecting PTO's tender of a Facility Study Agreement; and (b) the New Facility Operator has not submitted a previous

amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

5.7.4.3 Execution of Interconnection Agreement.

Within 10 Business Days of receipt of a completed Facility Study, a New Facility Operator shall request the Interconnecting PTO to provide to such applicant an Interconnection Agreement. The Interconnecting PTO shall provide an Interconnection Agreement to an applicant within 30 Business Days of receipt of the request for an Interconnection Agreement. If the ISO and Interconnecting PTO determine, pursuant to Sections 5.7.4.2.1, that either:

- (a) a New Facility Operator's Interconnection Application can be accommodated and that such New Facility Operator will not incur costs for Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 10 Business Days of receipt of the Interconnection Agreement; or
- (b) a New Facility Operator's Interconnection Application will necessitate Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 30 Business Days of receipt of the Interconnection Agreement or, if a New Facility Operator and the Interconnecting PTO are unable to agree on the rates, terms and conditions of the Interconnection Agreement, the New Facility Operator may request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC. If a New Facility Operator does request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC, the New Facility Operator shall agree to abide by the rates, terms and conditions of such Interconnection Agreement ultimately determined by FERC to be just and reasonable.

5.7.4.4 Queuing.

- (a) The ISO and Interconnecting PTO will process all Interconnection Applications based on the New Facility's Completed Application Date.
- (b) The queue position for each New Facility that has submitted an Interconnection Application will be established according to the Completed Application Date and the New Facility's compliance with the milestones set forth in Section 5.7.4.4.1.
- (c) For any New Facility Operator that has submitted a request to interconnect to a Interconnecting PTO prior to the date that FERC makes Section 5.7 effective, such New Facility Operator's position in the queue will be based on its Completed Application Date as that term was defined in the Interconnecting PTOs TO Tariff in effect at the time the New Facility Operator submitted a request to interconnect to the Interconnecting PTO.

5.7.4.4.1 Queuing Milestones.

- (a) To maintain its queue position, each New Facility Operator must timely comply with the requirements of the ISO Tariff and the TO tariff of the Interconnecting PTO and must, within 6 months of its Completed Application Date, satisfy all applicable Data Adequacy Requirements of state and local siting and other regulatory authorities. Any New Facility Operator not subject to state siting requirements must satisfy the information requirements set forth in 18 C.F.R. §2.20. The ISO will permit a New Facility Operator to retain its queue position if such New Facility Operator requests an extension of the six-month period at least 5 Business Days prior to the expiration of such period. Such extension will be limited to one period of 30 Business Days and additional extensions shall not be granted. A New Facility Operator that does not maintain its queue position, but later satisfies the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, will be placed in a queue position

comparable to that of other New Facility Operators that have satisfied the Data
Adequacy Requirements, or the

requirements of 18 C.F.R. § 2.20, as of the same date. At that time, the ISO and the Interconnecting PTO will determine whether a new System Impact Study must be performed based on the revised queue position of such New Facility Operator.

- (b) Upon satisfaction of the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, each New Facility Operator, in order to maintain its queue position, must obtain a New Facility License within 15 months after satisfying the Data Adequacy Requirements. A New Facility Operator that does not obtain a New Facility License within the allowed time and does not maintain its queue position, but later obtains a New Facility License, will be placed in a queue position comparable to other New Facility Operators that have satisfied comparable milestones as of that date.
- (c) Any New Facility whose New Facility License or building permit expires or is rescinded will not maintain its queue position.
- (d) A New Facility Operator that has submitted a dispute under Article 13 of the ISO Tariff regarding any part of this Section 5.7 may request that the presiding judge, arbitrator, or mediator of the dispute suspend its obligation to meet milestones in order to maintain its queue position. In the event such a suspension is granted, the New Facility Operator must satisfy the missed milestones specified in this Section 5.7.4.4.1 within 30 calendar days of the date the decision on the dispute becomes final.

5.7.4.5 Coordination of Critical Protective Systems.

New Facility Operators shall coordinate with the ISO, Participating TOs and UDCs to ensure that a New Facility Operator's Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with ISO Controlled Grid Critical Protective Systems and the protective systems of the Participating TOs and UDCs. The ISO and Participating TOs will make available all information necessary for a New Facility Operator to determine whether its Critical Protective Systems are compatible with

those of the ISO, Participating TOs and UDCs. The ISO and New Facility Operators shall also coordinate with entities that own, operate or control facilities outside of the ISO Controlled Grid to ensure that a New Facility's Critical Protective Systems function on a coordinated and complementary basis with such entities Critical Protective Systems.

5.7.5 Cost Responsibility of New Facility Operators.

- (a) Each New Facility Operator shall pay the costs of required studies in accordance with Section 5.7.4.2 and the costs identified in this Section 5.7.5. The ISO and Interconnecting PTO will provide each New Facility Operator an estimate of its total cost responsibility under this Section. A New Facility Operator shall be responsible for the actual costs of all Direct Assignment Facilities and Reliability Upgrades necessitated by its Completed Interconnection Application. The Interconnecting PTO will provide each New Facility Operator a detailed record of the actual costs assessed to it under this Section. A New Facility Operator may request the Interconnecting PTO to provide any additional information reasonably necessary to audit the actual costs the New Facility Operator is assessed.
- (b) The ISO and Interconnecting PTO will process all Interconnection Applications, and determine the cost responsibility of each New Facility Operator based on the New Facility Operator's Completed Application Date or, if applicable, based on the queue position determined by the procedure described in Section 5.7.4.4.1(b). The ISO and Interconnecting PTO will process simultaneously all interconnection requests with the same Completed Application Date.
- (c) Each New Facility Operator shall pay the costs of planning, installing, operating and maintaining the following facilities: (i) Direct Assignment Facilities, and, if applicable, (ii) Reliability Upgrades. In addition, each New Facility Operator shall implement all

existing operating procedures necessary to safely and reliably connect the New Facility to the facilities of the Interconnecting PTO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. The New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as of the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be responsible only for the incremental costs associated with the earlier installation of the facility.

- (d) Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff, any Delivery Upgrades.

5.7.5.1 Maintenance of Encumbrances.

No New Facility shall adversely affect the ability of the Interconnecting PTO to honor its Encumbrances existing as of the time a New Facility submits its Interconnection Application to the ISO. The Interconnecting PTO, in consultation with the ISO, shall identify any such adverse effect on its Encumbrances in the System Impact Study performed under Section 5.7.4.2.1. To the extent the Interconnecting PTO determines that the connection of the New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.

5.7.5.2 Settlement of Interconnection Costs.

Payment for Direct Assignment Facilities and Reliability Upgrades shall be made by the New Facility Operator to the Interconnecting PTO pursuant to the terms of payment set forth in the Interconnection Agreement between the parties.

5.7.6 Energization.

Neither the ISO nor the Interconnecting PTO shall be obligated to energize, nor shall the New Facility Operator be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 5.7.4.3, and becomes effective and such New Facility Operator has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of this Section 5.2.

5.8 Recordkeeping; Information Sharing.

5.8.1 Requirements for Maintaining Records.

Participating Generators shall provide to the ISO such information and maintain such records as are reasonably required by the ISO to plan the efficient use and maintain the reliability of the ISO Controlled Grid.

5.8.2 Providing Information to Generators.

The ISO shall provide to any Participating Generator, upon its request, copies of any operational assessments, studies or reports prepared by or for the ISO (unless such assessments studies or reports are subject to confidentiality rights or any rule of law that prohibits disclosure) concerning the operations of such Participating Generator's

