

**CONFIDENTIALITY AGREEMENT FOR THE 2003 CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION RATE AND BUDGET
DEVELOPMENT PROCESS**

This Confidentiality Agreement, dated as of October 7, 2002, is entered into by and among the California Independent System Operator Corporation (“ISO”) and the Stakeholders executing this agreement, listed in Appendix A, in order to facilitate Stakeholder access to Confidential Material that is a part of the ISO’s 2003 Budget and Rate Development Process.

WHEREAS, the ISO and Stakeholders wish to allow greater Stakeholder input into the ISO’s 2003 Budget and Rate Development Process; and

WHEREAS, the ISO has agreed as part of a settlement agreement in Federal Energy Regulatory Commission Docket Numbers ER02-250-000, ER02-479-000, and ER02-527-000, to make certain documents related to the ISO’s 2003 Budget and Rate Development Process available to Stakeholders;

NOW, THEREFORE, in consideration of the premises and of the mutual benefits and covenants hereinafter set forth, it is agreed:

1. This Confidentiality Agreement shall govern the use of all Confidential Material produced by, or on behalf of, the ISO during the 2003 Budget and Rate Development Process.
2. This Confidentiality Agreement shall remain in effect with respect to Confidential Materials so designated under the terms of this Confidentiality Agreement, until such time as the ISO shall determine and inform the Stakeholders in Appendix A in writing that the Confidential Materials in question are no longer confidential, or the ISO makes the materials available to the public.
3. The ISO may designate as Confidential Material any material that is not available to the public.
4. Only Reviewing Representatives, as that term is defined in Paragraph 5 may possess, review, or otherwise use Confidential Materials, and they may do so only as provided in this Confidentiality Agreement.
5. Definitions. As used in this Agreement, the singular includes the plural. For purposes of this Confidentiality Agreement:
 - a. The term “document” should be interpreted to include, but not be limited to, the original and all copies of any written or retrievable matter, including electronic media, or data of any kind, however produced or reproduced.

b. The term “Confidential Material” means (1) documents or oral materials provided by the ISO and designated as such by the ISO; (2) Notes of Confidential Material, whether created by the ISO or by Stakeholders or by any other person or entity; and (3) copies of Confidential Material, by whomsoever made.

c. The term “Notes of Confidential Materials” means memoranda, handwritten notes, or any other form of information (including electronic form) which copies, discloses or derives from materials described in Paragraph 5(b), whether made by the ISO or any other person or entity.

d. “2003 Budget and Rate Development Process” means the process that begins at the ISO in the Summer of 2002 and ends with any filing with the Federal Energy Regulatory Commission (“FERC”) by the ISO regarding the ISO’s 2003 budget and/or rates.

e. “Executing Party” means any entity that has executed this Confidentiality Agreement.

f. “Reviewing Representative” shall mean a person who has signed a Non-Disclosure Certificate and who is:

- i. an attorney, employee or agent of an Executing Party;
- ii. an attorney, paralegal or other employee under the supervision or control of the attorney described in 5(f)(i); and
- iii. any person retained by an Executing Party for the purpose of advising the Executing Party with regard to the ISO’s 2003 Budget and Rate Development Process.

7. The ISO shall mark all written materials intended to be covered by the terms of this Confidentiality Agreement with the words “Confidential Material” or with words of similar import. The ISO shall instruct Executing Parties that information being conveyed orally and intended by the ISO to be covered by the terms of this Confidentiality Agreement, is Confidential Material. To the extent possible, the ISO shall mark any electronic document intended to be covered by the terms of this Confidentiality Agreement with the words “Confidential Material” or similar words, or, if that is not possible or would be exceedingly difficult, the ISO shall notify Executing Parties (for example, by covering email transmitting the electronic document) that the electronic document is Confidential Material. The ISO’s failure, for whatever reason, to mark any material at the time it is produced to the Executing Parties, or to notify them that oral or electronic material is Confidential Material at the time it is provided, shall not take the material out of the coverage of this Confidentiality Agreement for all time, and the Executing Parties must treat the material as Confidential Material once the ISO has notified them that the material is to be covered by this Confidentiality Agreement.

8. Confidential Material shall be made available under the terms of this Confidentiality Agreement only to Executing Parties and only through their Reviewing Representatives as provided in Paragraph 11.
9. Confidential Material shall be treated as confidential by each Executing Party and by their Reviewing Representative(s) in accordance with this Confidentiality Agreement. Confidential Materials shall not be used except as necessary for Stakeholder involvement in the ISO's 2003 Budget and Rate Development Process, nor shall Confidential Material be disclosed to any person except Reviewing Representatives who are engaged in the ISO's 2003 Budget and Rate Development Process and who need to know the information in order to represent the Executing Parties in that process. Confidential Material may not be used by any Executing Party other than the ISO in any administrative or judicial proceeding, including any proceeding that results from the 2003 Budget and Rate Development Process, nor may Confidential Material be used by any Executing Party other than the ISO in any arbitration, mediation or other alternative dispute resolution proceeding, including any alternative dispute resolution proceeding that results from the 2003 Budget and Rate Development Process.
10. Reviewing Representatives may make copies of Confidential Material, and may make Notes of Confidential Material.
11. A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise have access to Confidential Material pursuant to this Confidentiality Agreement unless that Reviewing Representative has first executed a Non-Disclosure Certificate. A copy of the Non-Disclosure Certificate shall be provided to counsel for the ISO before any Confidential Materials may be provided to that Reviewing Representative.
12. All Reviewing Representatives are responsible to comply with the terms of this Confidentiality Agreement.
13. Any Reviewing Representative may disclose Confidential Material to any other Reviewing Representative as long as the disclosing Reviewing Representative and the receiving Reviewing Representative have both executed a Non-Disclosure Certificate.
14. The contents of Confidential Material or any other form of information that copies or discloses Protected Material shall not be disclosed to anyone other than in accordance with this Confidentiality Agreement and shall be used only in connection with the ISO's 2003 Budget and Rate Development Process.
15. If another person or entity requests or demands, by subpoena or otherwise, any Confidential Material, Counsel for the Executing Party receiving the request or demand will immediately notify counsel for the ISO. All reasonable steps will be taken by the Executing Party receiving the request or demand to permit the assertion

of all applicable rights and privileges by the ISO, and the Executing Party receiving such request or demand will cooperate with the ISO in the timely assertion of such rights and privileges, including obtaining a protective order where appropriate. Each Executing Party further agrees that if the ISO is not successful in precluding the requesting person or entity from requiring the disclosure of the Confidential Material, it will furnish only that portion of the Confidential Material which is legally required, and will exercise all reasonable efforts to obtain a ruling or reliable assurances that confidential treatment will be afforded the Confidential Material.

16. Each Executing Party shall be responsible for any breach of this Confidentiality Agreement by employees, agents, financial advisors, attorneys, consultants, directors or affiliates, and agrees, at its sole cost and expense, to take all commercially reasonable measures (including, without limitation, court proceedings) to prohibit its employees, agents, financial advisors, attorneys, consultants, directors or affiliates from disclosing or using the Confidential Material in any manner not authorized by this Confidentiality Agreement.

17. It is understood and agreed that the ISO shall be entitled to seek equitable relief, including injunction and specific performance, as a remedy for any breach or threatened breach of this Confidentiality Agreement by an Executing Party, or any of its employees, agents, financial advisors, attorneys, consultants, directors or affiliates. These remedies will not be deemed to be the exclusive remedies for a violation of the terms of this Confidentiality Agreement, but will be in addition to all other remedies available to the ISO, as the case may be, at law or equity. In the event of litigation relating to this Confidentiality Agreement, if a court of competent jurisdiction determines, in a final, nonappealable order, that an Executing Party or any of its representatives has breached this Agreement, then, in addition to any equitable relief granted, such Participant shall be liable and pay to the ISO the reasonable legal fees and disbursements incurred by the ISO in connection with such litigation, including any appeal therefrom.

18. This Confidentiality Agreement may be signed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

19. This Confidentiality Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to the principles of conflicts of law thereof. Each Executing Party irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of California and the United States of America located in the State of California for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby, and further agrees that service of any process, summons, notice or document by U.S. registered mail to each Party's address set forth below shall be effective service of process for any action, suit or proceeding brought against a Executing Party in any such court. Each Executing Party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or

the transactions contemplated hereby, in the courts of the State of California or the United States of America located in the State of California, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum or, provided that service of process has been effected as provided herein or as otherwise provided by law, that said court lacks personal jurisdiction over the Executing Party. Federal entities executing the Confidentiality Agreement are not subject to the laws of the State of California, but are subject to federal law as if transactions covered by this Confidentiality Agreement are fully performed within the State of California.

20. The rights and obligations of each Executing Party under this Confidentiality Agreement may not be assigned to any person or entity without the prior written consent of the ISO, which consent shall not be unreasonably withheld. Subject to the foregoing, this Confidentiality Agreement shall be binding on the respective successors and assigns of the Executing Parties hereto.

21. Each Executing Party hereto willingly and freely consents to every provision of this Confidentiality Agreement, and the individual signing on behalf of such Executing Party represents, by signing, that he or she is fully authorized to bind such Executing Party herein.

AGREED:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

On behalf of: The California Independent System Operator Corporation
Address: _____

On behalf of: _____
Address: _____

By: _____

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On behalf of: _____

Address: _____

NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Confidential Material is provided to me pursuant to the terms and restrictions of the Confidentiality Agreement for the 2003 California Independent System Operator Corporation Budget and Rate Development Process (“Confidentiality Agreement”), dated October 7, 2002, by and between the California Independent System Operator Corporation (“ISO”) and the Executing Parties as defined therein, , and that I have read and understand the terms of that Confidentiality Agreement. I agree to be bound by the terms of that Confidentiality Agreement. I will not disclose to anyone the contents of Confidential Material, any notes or memoranda, or any other form of information that copies or discloses or is derived from Confidential Material other than in accordance with the Confidentiality Agreement. I acknowledge that a violation of my undertakings in this certificate constitutes a breach of the Confidentiality Agreement.

By (Print): _____

Title: _____

Representing: _____

Signature: _____

Date: _____