**CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

**AND**

**[TRANSMISSION ENTITY]**

**RELIABILITY STANDARDS AGREEMENT**

RELIABILITY STANDARDS AGREEMENT

This Reliability Standards Agreement (“Agreement”), dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, is entered into by and between the California Independent System Operator Corporation, a California nonprofit public benefit corporation (“CAISO”) and [Name of Transmission Entity] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“TE”). In this Agreement, the CAISO and TE are jointly referred to as the “Parties” and individually as a “Party.”

**RECITALS**

WHEREAS, the Energy Policy Act of 2005 was signed into law in August 2005, which added a new Section 215 to the Federal Power Act giving the Federal Energy Regulatory Commission (“FERC”) authority over developing and enforcing reliability standards for the Bulk Power System;

Whereas, in Docket RM06-16-000;118 FERC ¶ 61,218 (“Order No. 693”), FERC approved various Reliability Standards applicable to users, owners and operators of the Bulk Power System developed by the North American Electric Reliability Corporation (“NERC”), the entity certified by FERC as the Electric Reliability Organization (“ERO”), and FERC intends to approve additional Reliability Standards in subsequent rulemakings;

WHEREAS, the NERC, through the Western Electricity Coordinating Council (“WECC”) Delegation Agreement (filed with FERC in Docket No. RR07-7) has delegated authority for the purposes of proposing Reliability Standards to the ERO and enforcing Reliability Standards within the WECC;

WHEREAS, the CAISO is registered with the NERC as a Transmission Operator (“TOP”) in accordance with the NERC compliance registry process and, as such, is responsible for complying with Reliability Standards which are subject to enforcement by the Compliance Enforcement Authority designated by the NERC;

WHEREAS, the TE owns and maintains transmission facilities that are part of the Bulk Power System, is registered with the NERC as a TOP in accordance with the NERC compliance registry process, and, in either capacity, may be subject to Penalties imposed by the Compliance Enforcement Authority for failure to comply with Reliability Standards;

WHEREAS, the CAISO and the TE at times agree upon the delegation of responsibilities in order to ensure that the Reliability Standards and the applicable responsibilities identified in each Reliability Standard are satisfied;

WHEREAS, as of the effective date of Order No. 693 and any subsequent orders related thereto, in order to ensure Reliability Standards are met, Penalties may be assessed by the Compliance Enforcement Authority for failure to comply with the Reliability Standards;

WHEREAS, in order to ensure that the Reliability Standards and the applicable responsibilities identified in each Reliability Standard are satisfied, and where more than one entity is registered as a user, owner or operator of the Bulk Power System within the same Balancing Authority Area, the FERC in Order No. 693 (¶145) has directed the NERC to assure that there is clarity in identifying responsibilities for, and that there be no gaps or unnecessary redundancies with regard to Parties’ compliance with, the requirement of each relevant Reliability Standard; and

WHEREAS, in order to (i) address FERC’s concern of unintended redundancy or gaps of responsibilities, particularly such gaps that could occur in the context of compliance with Reliability Standards applicable to multiple entities registered as TOPs, (ii) comply with NERC and WECC compliance registration criteria, and (iii) identify the Party responsible for each Reliability Standard requirement and any Penalties related thereto, the Parties desire to enter into this Agreement to clarify each Party’s responsibilities with regard to the Reliability Standards and to address the imposition of fines and Penalties.

**AGREEMENT**

NOW THEREFORE, in view of the recitals set forth above, which the Parties acknowledge and agree are accurate representations of the facts and are hereby incorporated by reference, the CAISO and TE agree to the terms of this Agreement that sets forth the delegation of tasks and responsibilities of each Party with regard to the applicable Reliability Standards.

1. **DEFINITIONS.**

Unless otherwise defined herein, all capitalized terms shall have the meaning set forth in the FERC-approved NERC Glossary of Terms, the NERC Functional Model, the WECC/NERC Delegation Agreement, including the WECC Compliance Monitoring and Enforcement Program contained in Exhibit D to the Delegation Agreement, and the NERC Rules of Procedure.

“CAISO Tariff” means the California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

“Compliance” means full performance of the tasks and responsibilities and associated measures required by the Reliability Standards requirements, by the NERC compliance procedures and the WECC Compliance Monitoring and Enforcement Program.

“Confidential Information” means (i) all written materials marked “Confidential”, “Proprietary” or with words of similar import provided to either Party by the other Party, and (ii) all observations of equipment (including computer screens) and oral disclosures related to either Party’s systems, operations and activities that are indicated as such at the time of observation or disclosure, respectively (collectively, “Confidential Information”). Confidential Information includes portions of documents, records and other material forms or representations that either Party may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

“Delegated Task” means those tasks pursuant to Reliability Standards that are delegated to the Supporting Entity.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all other, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Non-Complying Party” means either or both Parties that fail to act according to their respective obligations set forth in the applicable Schedules attached to this Agreement.

“Penalty” or “Penalties” means any fine, reprimand or monetary or non-monetary penalty issued or assessed by a Compliance Enforcement Authority.

“Responsible Entity” means the Party that is charged, as set forth in the attached Schedules, with the responsibility for demonstrating Compliance with a Reliability Standard requirement.

“Reliability Standard” means a requirement approved by the FERC under Section 215 of the Federal Power Act to provide for reliable operation of the Bulk Power System.  The term includes requirements for the operation of the existing Bulk Power System facilities, including cyber security protection, and the design of planned additions or modifications to such facilities to the extent necessary for the reliable operation of the Bulk Power System; but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity.

“Supporting Entity” means the Party that is charged, as set forth in the attached Schedules, with the responsibility for demonstrating Compliance with a Delegated Task under a Reliability Standard.

**2. TERM.**

**2.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties or the date when the pro forma agreement is accepted for filing and made effective by FERC, if a FERC filing is required.

**2.2 Termination.** This Agreement shall remain in effect until (1) a date upon which the Parties agree in writing to terminate it, or (2) the effective date of the withdrawal of the TE’s transmission facilities from the CAISO Balancing Authority Area, or (3) upon six (6) months’ written notice of termination by the TE. 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 request to file a notice of termination is made after the preconditions for termination have been met, and (2)(a) the CAISO files the notice of termination within sixty (60) days after receipt of such request, or (b) 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 TE’s notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

**2.3 Surviving Obligations.** This Agreement shall continue in effect after termination to the extent necessary to complete corrective mitigating actions identified in the Compliance monitoring process as well as satisfy all other obligations including any financial responsibilities. Upon termination of this Agreement, any outstanding financial right or obligation, and any provision of this Agreement necessary to give effect to such right or obligation, shall survive until satisfied.

**2.4 FERC Submittal of Pro Forma Agreement.** The CAISO shall file the pro forma agreement upon which this Agreement is based with the FERC and shall request that FERC issue an order either disclaiming jurisdiction over the pro forma agreement or establishing an effective date of June 4, 2007 for the pro forma agreement. If FERC determines that the pro forma agreement is subject to its jurisdiction, the CAISO shall use its best efforts to obtain approval of the pro forma agreement in the form submitted, including taking all reasonable, necessary and usual steps to secure regulatory approval. In the event of a FERC hearing or review process concerning the pro forma agreement, the TE shall file a letter with FERC and, if necessary, submit testimony in support of the pro forma agreement. Following an order of the FERC addressing the pro forma agreement, the Parties shall review such order to determine if the FERC has changed or modified a condition, deleted a condition, or imposed a new condition in the pro forma agreement. Within ten (10) days after the issuance of the FERC order, the Parties shall indicate to each other in writing their acceptance or rejection of this Agreement based upon any changes required by the FERC in the pro forma agreement. A failure to notify within such ten (10) day period will be equivalent to a notification of acceptance. If a Party rejects this Agreement, the Parties shall attempt to renegotiate the objectionable term or condition to satisfy FERC’s concerns. Notwithstanding the best efforts of the Parties to comply with the FERC order(s), this Agreement shall terminate if the Parties are unable to reach agreement on appropriate modification(s) within sixty (60) days of the FERC order not accepting the pro forma agreement in its originally filed form.

**3. STATUS OF PARTIES; REGISTRATION AS TRANSMISSION OPERATOR(S) (TOPs); PURPOSE OF AGREEMENT.**

**3.1 Status of Parties.** The Parties acknowledge that the CAISO is responsible for reliably operating the transmission grid within the CAISO Balancing Authority Area. The Parties also recognize that while the CAISO is a transmission operator under the CAISO Tariff, the CAISO does not own any transmission facilities, and the TE owns, constructs, and maintains the facilities to which generating facilities are interconnected, and that the TE may construct or modify facilities to allow the interconnection. As such, the TE has rights to take actions as necessary to protect its electric system. Furthermore, the CAISO has operational control of certain transmission lines and associated facilities which are to be incorporated into the CAISO controlled grid for the purpose of allowing them to be controlled by the CAISO as part of an integrated Balancing Authority Area. Given this relationship and Order No. 693, the CAISO and TE can both be registered as a TOP.

**3.2 Delegated Tasks.** The Parties agree that as set forth in ¶145 of Order No. 693, NERC and WECC Compliance registration criteria, and any other applicable orders, an entity registered with NERC and charged with the performance of a function remains responsible for Compliance with Reliability Standards for that function, even if the performance of certain tasks is delegated to other entities. Thus, the Parties acknowledge and agree that to ensure clarity in identifying, establishing and delegating responsibility for Compliance for the transmission facilities within the CAISO Balancing Authority Area identified in Appendix 1, the Parties delegate such Compliance responsibilities in this Agreement as set forth in the Schedules attached hereto.

**3.3 Purpose of Agreement.** The Parties agree that the purpose of this Agreement is to identify the tasks and responsibilities of each Party with respect to Compliance for the transmission facilities within the CAISO Balancing Authority Area identified in Appendix 1 with Reliability Standards pursuant to Order No. 693 applicable to TOPs and any other similar orders that may be issued from time to time.

4. DELINEATION OF RESPONSIBILITIES BETWEEN THE CAISO AND TE; SCHEDULES.

**4.1 Schedules.** To identify the responsibilities of each Party and to avoid gaps or redundancy in the performance of Compliance activities, the Parties have mutually collaborated in developing a Schedule of Compliance responsibilities and Delegated Tasks for each Reliability Standard requirement (where necessary) applicable to the CAISO and the TE as TOPs. The Parties have determined their respective responsibilities for each Reliability Standard requirement based upon consideration of past practice, practicality, efficiency and Good Utility Practice. The Schedules are attached hereto and made a part hereof.

**4.2 Delineation of Responsibilities.** Each Schedule details the CAISO’s and the TE’s responsibilities and obligations with regard to each specific Reliability Standard requirement by identifying the Responsible Entity, Supporting Entity, and the Delegated Tasks for each respective Reliability Standard requirement. Further, although the Responsible Entity will be the primary contact for the Compliance Enforcement Authority, the Schedule shall set forth in greater detail the obligations of the Supporting Entity in participating in a Compliance Audit.

**4.3 Process for Changing the Schedules or Adding New Schedules.**

 **4.3.1** The CAISO, upon approval by the FERC of any new Reliability Standard(s) or change(s) to the existing Reliability Standards, shall communicate those changes in writing to the TE within ten (10) days of receipt of such information or upon availability of such notice, whichever is later, from FERC, NERC or WECC.  The Parties shall jointly review any changes to the Reliability Standard(s) or the new Reliability Standard and determine the Party responsible for Compliance with changed or new Reliability Standard requirement(s).

 **4.3.2** Upon identification of the Party that is responsible for Compliance with the Reliability Standard requirement(s), the CAISO shall prepare a revised page(s) for the Schedule that includes change(s) resulting from a revised, modified, or new Reliability Standard requirement(s) and forward it to the TE for signatures by the representatives identified in Appendix 2 as having the authority to sign Schedule amendments or new Schedules. The TE shall return it to the CAISO within ten (10) days before such revised Reliability Standards take effect, unless otherwise agreed by the Parties.  The CAISO shall provide a signed original of the revised page of the Schedule to the TE. The revised Schedule page shall replace and supersede the existing page, which shall be indicated on the page by its new number as well as the number of the page it is replacing. Such change to a Schedule does not constitute an amendment to this Agreement.

 **4.3.3** Upon ten (10) days written notice, either Party may initiate a review of the Schedules for purposes of redefining Delegated Tasks or changing the Responsible Entity designation.

**5. MUTUAL COOPERATION; PARTICIPATION IN COMPLIANCE AUDIT PROCESS; ALLOCATION OF COMPLIANCE AUDIT PENALTIES.**

**5.1 Mutual Cooperation.** In addition to any obligations set forth in the Schedules, the Parties agree to cooperate fully to provide each other the information, documentation and assistance necessary to demonstrate Compliance with their respective obligations. Unless otherwise agreed, the Parties agree that upon fifteen (15) days of receipt of a written notice from the Party requesting the information, the other Party responsible for providing the information shall timely deliver the requested information. The written notice shall be delivered as set forth in Section 9.19 of this Agreement, unless the Schedule identifies an alternative person and means of communication.

**5.2 Participation in Compliance Audit Process.** In accordance with Section 3.1.1 of the WECC Compliance Monitoring and Enforcement Program, the Responsible Entity shall promptly furnish the audit report to the Supporting Entity for review and comment before it is finalized, and shall notify the Supporting Entity in writing if the audit team schedules an exit interview, in which case the Supporting Entity shall have the right to participate in discussions with the audit team.

**5.3 Notice of Alleged Violation.** The Responsible Entity will notify the Supporting Entity in writing within seven (7) days of receiving written notice of an Alleged Violation from the Compliance Enforcement Authority as set forth in Section 5.1 of the WECC Compliance Monitoring and Enforcement Program. In the event that there is question or a dispute as to who the Non-Complying Party is, then the alleged Non-Complying Party shall immediately notify the other Party in writing and detail its support for why it should not be deemed the Non-Complying Party. Upon ten (10) days review by the other Party, that Party shall notify the alleged Non-Complying Party as to whether it agrees with the alleged Non-Complying Party’s assessment and both Parties shall mutually decide how to remedy and respond to the Alleged Violation within the time frame set forth in Section 5.1.

**5.4 Participation in Appeals Process.** If either Party seeks to challenge the Alleged Violation, the other Party shall provide any assistance, documentation and information necessary to assist the challenging Party to challenge the findings of the Compliance Enforcement Authority, respond to notices of Alleged Violations, enter into settlement discussions with the Compliance Enforcement Authority, and initiate and participate in any hearing and appeal process with respect to the Alleged Violation in accordance with Sections 5.1-5.5 of the WECC Compliance Monitoring and Enforcement Program and the NERC and FERC appeals processes.

**5.5 Arbitration for Non-Compliance.** In the event the alleged Non-Complying Party and the other Party cannot reach a resolution as to liability for the Alleged Violation, the Parties shall resolve such dispute through arbitration as set forth in Section 9.1 below.

**5.6 Allocation and Recovery of Penalties.**  In the event a Compliance Enforcement Authority imposes fines and assesses Penalties for failure to comply with the Reliability Standards, to the extent that WECC or other similar enforcement entity has jurisdiction to impose a fine and assess a Penalty, then the Non-Complying Party shall bear the cost of such Penalties in proportion to its respective fault, as determined mutually or through dispute resolution as set forth in Section 9.1 below. Each Non-Complying Party shall be responsible for remedying the non-compliance as required by the Compliance Enforcement Authority. Should the Non-Complying Party be identified as the CAISO, any fines, monetary obligations or other liability attributable to the CAISO shall be satisfied by allocating such costs as set forth in the CAISO Tariff.

**6. AMENDMENT TO AGREEMENT.**

This Agreement may not be amended or otherwise modified without the written consent of both Parties. Changes to the Schedules will not constitute an amendment to this Agreement, as described in Section 4.3 above.

**7. USE OF CONTRACTORS.**

Nothing in this Agreement shall prevent either the CAISO or the TE from using qualified third party contractors to meet the Party's rights or obligations under this Agreement. However, under no circumstances shall the use or hiring of a qualified third party contractor or agent relieve either the CAISO or the TE of any liability hereunder. Without limiting the foregoing, either Party shall have the right to file counterclaim against the third party contractor for such third party’s failure or negligence to satisfy its obligations under its arrangement with the CAISO or TE, as applicable.

**8. 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.

**9. GENERAL TERMS AND CONDITIONS.**

**9.1 Dispute Resolution.** Except as provided herein, in the event of any dispute regarding the terms, conditions and performance of this Agreement, including but not limited to a dispute regarding responsibility for Penalties assessed by the Compliance Enforcement Authority, and such dispute is not settled informally, the Parties shall follow the CAISO dispute resolution procedures set forth in Section 13 of the CAISO Tariff.

**9.1.1** Notwithstanding any provision to the contrary in Section 13.3.5.1 of the CAISO Tariff, if a dispute regarding the interpretation or the application of this Agreement, or the apportionment of responsibility and penalties, is referred to the dispute resolution process set forth in this Agreement, the arbitrator(s) shall have no authority to add to, delete from, or alter this Agreement; provided, however, that the arbitrator(s) shall have the authority to grant reformation of the Agreement in the case of a scrivener’s error or rescission of the Agreement, when appropriate.

**9.1.2** If a Party is precluded by federal or state law from agreeing to, or participating in, the foregoing dispute resolution process, then either Party to this Agreement may bring an action in a court of competent jurisdiction to interpret or enforce this Agreement, or to apportion responsibility and penalties for non-compliance with a Reliability Standard.

**9.2 Liability.** Except for penalties assessed by a Compliance Enforcement Authority, no Party to this Agreement shall be liable to any other party for any indirect, special, incidental or consequential losses, damages, claims, liabilities, costs or expenses (including attorneys fees and court costs) arising from the performance or non-performance of its obligations under this Agreement regardless of the cause (including intentional action, willful action, gross or ordinary negligence, or force majeure); provided, however, that a Party may seek equitable or other non-monetary relief as may be necessary to enforce this Agreement and that damages for which a Party may be liable to another Party under another agreement will not be considered damages under this Agreement.

**9.3 Confidentiality.**

**9.3.1 Treatment of Confidential Information.** The Parties recognize and agree that for the purposes of complying with the Reliability Standards and responding to a Compliance Audit, they will receive information from each other that has been marked as Confidential Information. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the other Party.

**9.3.1.1 Location of Confidential Information.** Confidential Information that the Parties have given to each other in hard copy form that is intended for disclosure to the Compliance Enforcement Authority during the course of a Compliance Audit will be kept in a secure and restricted location separate and apart from the business records of the Party receiving the Confidential Information.

**9.3.1.2 Provision of Confidential Information to Compliance Enforcement Authority.** During the course of a Compliance Audit, the Party providing the Confidential Information to the Compliance Enforcement Authority shall notify the other Party if and when the Compliance Enforcement Authority takes physical possession of the Confidential Information. If the Compliance Enforcement Authority takes physical possession of the Confidential Information, the receiving Party shall be permitted to make one copy of the Confidential Information that will be afforded confidential treatment pursuant to this Agreement. To the extent the Compliance Enforcement Authority does not take physical possession of the Confidential Information, or if a copy has been made of the Confidential Information, the receiving Party shall return the Confidential Information to the providing Party promptly after the conclusion of the Compliance Audit, including the appeal of Alleged Violations or Penalties. The Party providing the other Party’s Confidential Information to the Compliance Enforcement Authority has the affirmative duty to request that the Compliance Enforcement Authority treat the Confidential Information as Confidential Information under NERC Rules of Procedure Section 1500.

**9.3.2 Disclosure of Confidential Information.** If, while in the possession of the receiving Party, disclosure of the Confidential Information is required to respond to a subpoena, law, or other directive of a court, administrative agency, or arbitration panel, the receiving Party hereby agrees to provide the providing Party with prompt written notice of such request or requirement in order to enable the providing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the receiving Party with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section.  The receiving Party agrees to work with the providing Party to obtain assurance that confidential treatment will be accorded to such Confidential Information and will cooperate to the maximum extent practicable to minimize the disclosure of the Confidential Information consistent with applicable law.

**9.3.3 Exceptions to Non-Disclosure.** Notwithstanding Sections 9.3.1 and 9.3.2 above, each Party to this Agreement shall not have breached any obligation under this Agreement if Confidential Information is disclosed to a third party when the Confidential Information:

 (a) was in the public domain at the time of such disclosure or is subsequently made available to the public consistent with the terms of this Agreement; or

 (b) had been received by either Party at the time of disclosure through other means without restriction on its use, or had been independently developed by either Party as shown through documentation; or

(c) is subsequently disclosed to either Party by a third party without restriction on use and without breach of any agreement or legal duty; or

(d) subject to the provisions of Sections 9.3.1 and 9.3.2, is used or disclosed pursuant to statutory duty or an order, subpoena or other lawful process issued by a court or other governmental authority of competent jurisdiction.

**9.3.4 Other Parties.** Each Party shall keep Confidential Information in confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity (a “third party”) other than its employees, without the prior written consent of the other Party. Each Party will cause each of its employees, contractors, sub-contractors, sub-contractors’ employees and agents who will have access to Confidential Information, if any, to acknowledge that they have read this Agreement and agree to abide by all of its terms regarding use and disclosure of Confidential Information.

**9.4 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.

**9.5 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, document, instrument, or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder;

(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, Schedule, or Appendix means such Article or Section of this Agreement or such Schedule or Appendix to this Agreement;

(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 Section;

(7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term;

(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;” and

(9) “days” shall mean calendar days; if the last calendar day falls on a weekend or national holiday, the specified deadline shall fall on the next calendar day that is not a weekend or national holiday.

**9.6 Entire Agreement.** This Agreement, including all Attachments, Exhibit(s) and Schedule(s) hereto, constitutes the entire agreement among the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, among 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.

**9.7 General Interpretation.** The terms of this Agreement have been negotiated by the Parties hereto and the language used in this Agreement shall be deemed the language chosen by the Parties to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or portion hereof to be drafted or in favor of the party receiving a particular benefit under this Agreement. No rule or strict construction will be applied against any Party.

**9.8 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.

**9.9 Waiver.** The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by a 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. Any waiver of this Agreement shall, if requested, be provided in writing. Any waivers at any time by any 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.

**9.10 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.

**9.11 Authority.** The undersigned hereby represents and warrants that he or she has the requisite power and authority to bind the applicable Party to the terms and obligations of this Agreement.

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

**9.13 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, another Party.

**9.14 Assignment.** This Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement. Any attempted assignment that violates this Section 9.14 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. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed. Notwithstanding the above, this Agreement may be assigned by a governmental Party without consent of the other Parties, if the United States, a state, or a local government with jurisdiction over such Party orders such governmental Party to assign this Agreement.

**9.15 Specific Performance.** Each Party’s obligations under this Agreement are unique. The Parties each acknowledge that, if any Party should default in performance of the duties and obligations imposed by this Agreement, it would be extremely impracticable to measure the resulting damages. Accordingly, the non-defaulting Party, in addition to any other available rights or remedies, may sue in equity for specific performance and the Parties each expressly waive the defense that a remedy in damages will be adequate.

**9.16 Force Majeure.** No Party shall be liable for any failure to perform its obligations in connection with any action described in this Agreement, if such failure results from an Uncontrollable Force as defined in the CAISO Tariff (including any mechanical, electronic, or communication failures, but excluding failure caused by a party’s financial condition or negligence).

**9.17 Governing Law.** The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the law of California, excluding its conflicts of law rules, except if a federal Party is involved, in which case federal law shall apply as if performed within the state of California. Notwithstanding the foregoing, nothing shall affect the rights of the TE under Section 215 of the FPA, any applicable agreement, the NERC Rules of Procedure, or rules or orders promulgated by FERC.

**9.18 Consistency with Federal Laws and Regulations.** Section 22.9 of the CAISO Tariff titled "Consistency with Federal Laws and Regulations" is hereby incorporated herein by reference, providing however, that the references to the CAISO Tariff in Section 22.9 shall include this Agreement.

**9.19 Notices.** Any requirement for written notice provided in this Agreement will be in writing transmitted via electronic mail to the persons identified in Appendix 2 followed with a hard copy delivered in person, sent by overnight mail or United States certified mail within three (3) days of the electronic mail transmission. Electronic mail notice shall be deemed effective upon transmission unless the Party sending the electronic mail learns that delivery was unsuccessful, in which case notice is deemed effective upon service of the hard copy. Any Party may at any time, by at least fifteen (15) days notice to the other Party, change the designation or address of a person specified in Appendix 2. Such a change to Appendix 2 shall not constitute an amendment to this Agreement.

**9.20 FERC Jurisdiction.** Nothing in this Agreement shall be meant to imply or cede jurisdiction to FERCNERC or any other regulatory or Compliance Enforcement Authority, to the extent that FERC, NERC or other regulatory or Compliance Enforcement Authority does not have jurisdiction over a Party to this Agreement. FERC, NERC and other regulatory or Compliance Enforcement Authority entities have limited jurisdiction over certain Parties and, by executing this Agreement, no Party is waiving or conceding any defenses it has to assert jurisdictional defenses, including, but not limited to, sovereign immunity, intergovernmental immunities, or lack of subject matter jurisdiction.

**IN WITNESS WHEREOF,** the Parties have executed this Agreement and it is effective as of the effective date pursuant to Section 2.1.

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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

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

Title: \_

Date: \_\_

**[NAME OF TE]**

By:

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

Title: \_

Date: \_\_

**APPENDIX 1**

**APPLICABLE TRANSMISSION FACILITIES**

**[SECTION 3.3]**

**APPENDIX 2**

**NOTICES**

**[Section 4.3]**

**Transmission 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:

# CAISO

Name of Primary

Representative: Roni L. Reese

Title: Sr. Contracts Analyst

Address: 151 Blue Ravine Road

City/State/Zip Code: Folsom, CA 95630

Email address: rreese@caiso.com

Phone: (916) 608-7027

Fax: (916) 608-7292

Name of Alternative

Representative: Philip D. Pettingill

Title: Manager of Infrastructure Policy & Contracts

Address: 151 Blue Ravine Road

City/State/Zip Code: Folsom, CA 95630

Email address: ppettingill@caiso.com

Phone: (916) 608-7241

Fax: (916) 608-7292

**Schedule** \_\_\_\_\_\_\_\_\_\_

**Reliability Standard Template**

Requirement and Sub-requirements:

RESPONSIBLE ENTITY

The entity responsible for Compliance, including Compliance Audits, for this requirement and any sub-requirements is:

[ ] CAISO

[ ]  TE

SUPPORTING ENTITY

The entity responsible for performing the Delegated Tasks set forth below:

[ ] CAISO

[ ] TE

[ ] None for this standard

DELEGATED TASKS