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April 26, 2004

Ms. Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Joint Filing of the Large Generator Interconnection Agreement of the California Independent System Operator Corporation, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company -- Docket Nos. ER04-445-00_, ER04-435-00_, ER04-441-00_, ER04-443-00_.

Dear Secretary Salas:

Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC") direction in its order on rehearing of its Standardization of Generator Interconnection Agreements and Procedures order, ("Order No. 2003-A"),¹ and Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2003), and Section 35.13 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 35.13 (2003), the California Independent System Operator Corporation ("ISO"), Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), and Southern California Edison Company ("SCE") (collectively the "Filing Parties")² hereby submit six copies of a revised Standard Large Generator Interconnection Agreement ("LGIA") for Commission approval as a *pro forma* agreement.³ Concurrent with this filing, the ISO is also filing with the Commission a revised version of the Standard Large Generator Interconnection

¹ Order on Rehearing, 106 FERC ¶ 61,220 (2004).

² Collectively, PG&E, SDG&E, and SCE are referred to herein as the "PTOs."

³ Capitalized terms that are not otherwise defined are defined in the LGIA.

Procedures ("LGIP"). The Filing Parties are also tendering two copies to be time and date stamped and returned to our courier.

I. BACKGROUND

A. Procedural History

On October 21, 2001, the Commission began the process of standardizing agreements and procedures for generator interconnection to electrical transmission systems with the issuance of its Advanced Notice of Proposed Rulemaking ("ANOPR").⁴ Feedback on the ANOPR resulted in the Notice of Proposed Rulemaking ("NOPR") issued on April 24, 2002.⁵ Comments were submitted to the Commission in response to the NOPR from a wide range of generation and transmission companies, including transmission providers such as the ISO. The Commission responded to the comments received and set out *pro forma* documents for large generator interconnection, in its Final Rule, Order No. 2003, issued on July 24, 2003.

Order No. 2003 both addressed comments received and set out a *pro forma* LGIA and LGIP and related study agreements. Order No. 2003 directed providers of transmission service to make a compliance filing of an LGIA and LGIP within 60 days of the date of publication of Order No. 2003 in the Federal Register.⁶ Several entities filed requests for rehearing or clarification of Order No. 2003. The requests for rehearing were granted for further consideration and a final order on rehearing of Order No. 2003 is currently pending.⁷

Several entities, including the Filing Parties, also filed for extensions of the Commission's original 60-day timeframe for compliance filings of the LGIA and LGIP. The Filing Parties, joined by the California Public Utilities Commission ("CPUC"), submitted their joint request for an extension on September 22, 2003. The joint request was granted by the Commission via letter order issued on September 26, 2003, which established January 20, 2004 as the revised

⁴ Standardizing Generation Interconnection Agreements and Procedures, Advance Notice of Proposed Rulemaking, 66 Fed. Reg. 55,140 (November 1, 2001, FERC Stats. & Regs. ¶ 35,540 (2001)).

⁵ Standardization of Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 67 Fed. Reg. 22,250 (May 2, 2002), FERC Stats. & Regs. ¶ 32,560 (2002).

⁶ Order No. 2003 at P 910.

⁷ "Order Granting Rehearing for Further Consideration" *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM02-1 (September 22, 2003).

compliance date. On January 8, 2004, the Commission issued an order in which it provided further guidance regarding the filing of the LGIA and LGIP by independent and non-independent entities.⁸ In its order, the Commission noted, *inter alia*, that where *pro forma* documents were modified, current agreements and procedures for generator interconnections would continue in effect until the modified *pro forma* LGIA and LGIP were approved by the Commission.⁹

B. Filing of the LGIA Pursuant to Order No. 2003

On February 9, 2004, pursuant to Order No. 2003, the Filing Parties filed with the Commission their *pro forma* LGIA. In that filing, the Filing Parties explained that the LGIA had been developed as a result of a concerted stakeholder process between themselves and other Market Participants. The Filing Parties also explained that although they had endeavored to retain the language of the *pro forma* LGIA adopted in Order No. 2003 to the extent possible, certain modifications had been made where necessary to (1) specify the respective roles of the ISO and PTOs, reaching agreement where possible, (2) reflect regional differences, (3) incorporate appropriate and justifiable variations in accordance with the "independent entity variation" standard, and/or (4) incorporate changes that are consistent with or superior to the *pro forma* LGIA. The Filing Parties reflected these alterations in multiple formats. First, all changes from the language adopted in Order No. 2003 were described, along with the rationale for making these changes, in a matrix included as Attachment A to the February 9 filing. In addition, as another guide to all changes made to the original Commission *pro forma* language, the Filing Parties included black lined tariff sheets as Attachment B to the February 9 filing.

On February 11, 2004, the Commission noticed the Filing Parties' February 9 filing, and set the due date for motions to intervene, comments, and protests to March 1, 2004. On March 1, 2004, a number of entities filed motions to intervene, comments and/or protests with respect to the joint LGIA. The ISO and SCE filed separate answers to these pleadings on March 16, 2004.

C. Order No. 2003-A

On March 5, 2004, the Commission issued its Order on Rehearing of Order No. 2003. Therein, the Commission reaffirmed the legal and policy conclusions on which Order No. 2003 was based. However, in response to

⁸ "Notice Clarifying Compliance Procedures," *Standardization of Generator Interconnection Agreements and Procedures*, Docket No. RM02-1 (January 8, 2004).

⁹ *Id.*

various rehearing requests, the Commission modified a number of the provisions of the pro forma LGIP and LGIA as set forth in Order No. 2003.

In Order No. 2003-A, the Commission continued to recognize the principle enunciated in Order No. 2003 that independent transmission providers have the flexibility to tailor the LGIP and LGIA in order to best meet their regional needs, pursuant to the "independent entity standard."¹⁰ Therefore, the Commission ordered that an independent transmission provider that elected to adopt the pro forma LGIP and LGIA from Order No. 2003, would be required to file on or before the effective date of Order No. 2003-A¹¹ either (1) a notice that it intends to adopt the Order No. 2003-A pro forma LGIP and LGIA, or (2) new standard interconnection procedures and agreements developed according to Order No. 2003's "independent entity variation" standard. However, the Commission stated that those independent transmission providers that filed their own tailored interconnection agreement and procedures pursuant to Order No. 2003's "independent entity variation" standard would not be required to re-file their interconnection agreement and procedures with the Commission unless a change is needed to reflect the modifications made in Order No. 2003-A.

Since the issuance of Order No. 2003-A, the Filing Parties have worked closely together to address the extent to which changes to the LGIA are necessary and/or desirable as a result of Order No. 2003-A. The Filing Parties have reviewed the specific language of the revised LGIA, and have reached agreement concerning all of the changes reflected in the revised joint LGIA.

¹⁰ See Order No. 2003 at P 26, which states, in pertinent part: "Most importantly, we note that the Final Rule applies to independent and non-independent Transmission Providers alike, but non-independent Transmission Providers are required to adopt the Final Rule LGIP and Final Rule LGIA into their OATTs, with deviations from the Final Rule justified using either the 'regional differences' or 'consistent with or superior to' standard. We also allow Regional Transmission Organizations (RTOs) and ISOs more flexibility to meet their regional needs. While RTOs and ISOs are required to submit compliance filings, they may submit LGIP and LGIA terms and conditions that are meet an 'independent entity variation' standard that is more flexible than the 'consistent with or superior to' standard and the regional differences standard."

¹¹ The Commission stated that Order No. 2003-A would take effect 30 days after its publication in the Federal Register. Order No. 2003-A was published in the Federal Register on March 26, 2004.

II. CONTENTS OF FILING

This filing comprises:

This Transmittal Letter	
Attachment A	Matrix of All Changes to the joint February 9 LGIA, Including Variations from the <i>pro forma</i> Order No. 2003-A LGIA, With Rationale
Attachment B	Blackline of Revised Joint LGIA against Joint LGIA filed on February 9
Attachment C	Clean Version of LGIA
Attachment D	Notice Suitable for Publication in the Federal Register
Attachment E	Certificate of Service

III. COMMUNICATIONS

Correspondence and other communications regarding this filing should be directed to:

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IV. DESCRIPTION OF THE FILING

A. Structure of the Filing

As described above, the instant filing is submitted in compliance with Order No. 2003-A. Although the ISO is filing the revised LGIP alone, this revised LGIA is made jointly by the ISO, PG&E, SDG&E, and SCE. Included with the instant filing is the LGIA, revised consistent with Order No. 2003-A. Changes to the language of the LGIA as originally filed on February 9, 2004, are shown in the matrix included as Attachment A to the filing. These changes are displayed as highlighted additions and strikeouts in the column entitled "Changes from Original Compliance Filing." Attachment A also shows any departures from the *pro forma* LGIA language adopted in Order No. 2003-A. These changes are displayed as highlighted additions and strikeouts in the column entitled "Changes from New Provisions of Order No. 2003-A." The non-highlighted additions and strikeouts in both columns represent the changes made from the original *pro forma* joint LGIA as proposed in the February 9 filing. Changes made to the language of the original joint LGIA are also shown in the blackline LGIA included as Attachment B.

B. Regional Differences and Independent Entity Variations

While the revised LGIA is a *pro forma* document, the Commission, in Order No. 2003-A, reaffirmed the principle enunciated in Order No. 2003 that

some flexibility was important to accommodate the practices in different regions. The Commission, in Order No. 2003, noted that the degree of latitude that would be allowed for variations from the FERC *pro forma* would be greater for independent entities which are “less likely to act in an unduly discriminatory manner than is a market participant.” Order No. 2003 at P 827. Order No. 2003 did not, however, limit independent entities to meeting either the so-called “regional differences” test or “consistent with or superior to” standard. Instead, the Commission stated that independent entities could submit alterations to the *pro forma* under a more flexible “independent entity variation.” Order No. 2003 at P 26.

Consistent with the approach adopted in the original joint LGIA filing, the Filing Parties have endeavored to retain the language of the *pro forma* LGIA, as revised in Order No. 2003-A, to the extent possible. Indeed, most of the modifications reflected in this filing are the result of directly adopting the modifications made to the *pro forma* LGIA by the Commission in Order No. 2003-A. As with the original LGIA filing, however, certain modifications to the Order No. 2003-A language were necessary in order to (1) specify the respective roles of the ISO and PTOs, (2) reflect regional differences, or (3) incorporate appropriate and justifiable variations in accordance with the “independent entity variation” standard. Many of the changes also are consistent with or superior to the *pro forma* LGIA adopted in Order No. 2003-A and can be justified on this additional ground in any case.

The Filing Parties have reflected modifications made to the *pro forma* language adopted in Order No. 2003-A in Attachment A to the filing as highlighted additions and strikeouts under the column entitled “Changes from New Provisions of Order No. 2003-A.” Attachment A also describes the rationale for each of these changes. While Attachment A is intended to be the primary guide for the Commission to the changes made to the original LGIA and the rationale supporting those changes, selected issues are also discussed in greater detail below.

C. Article 5.4 – Power System Stabilizers

In Order No. 2003-A, the Commission adopted FPL Energy’s argument on rehearing that power system stabilizers, excitation systems, and automatic voltage regulators may not be appropriate for non-synchronous technologies such as wind generators, and therefore amended Article 5.4 of the *pro forma* LGIA to state that the requirements of this provision do not apply to wind generators. Order No. 2003-A at P 280. The Filing Parties have incorporated this change with one modification. Specifically, the Filing Parties propose that the exemption language in Article 5.4 of the joint revised LGIA read “The requirements of this paragraph shall not apply to wind generators *of the induction type*.” The added reference to induction wind generators is necessary because

wind generators may not always utilize non-synchronous technologies. The Commission's exemption from the requirements of Article 5.4 was clearly premised on the conclusion that these requirements were not appropriate for non-synchronous generators. Therefore, it is appropriate that the standards set forth in Article 5.4 apply to any wind generators that might employ synchronous technologies.

D. Article 9.6.1 – Power Factor Design Criteria

The pro forma LGIA adopted in Order No. 2003, Article 9.6.1, requires the Interconnection Customer to design the Generating Facility to maintain a power factor at the Point of Interconnection within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider establishes different requirements that apply to all generators in its Control Area on a comparable basis. In the February 9 joint LGIA filing, the Filing Parties proposed to modify this language to require a power factor range of 0.95 leading to 0.90 lagging at the terminals of the Electric Generating Unit. The Filing Parties explained that 0.95 leading to 0.90 lagging as measured at the terminals is consistent with a power factor of 0.95 leading to 0.95 lagging measured at the Point of Interconnection, but measurement at the terminals was appropriate because that is where the ISO meters generally are located.

On rehearing, FPL Energy argued that wind generators for the most part cannot maintain the power factor required in Article 9.6.1 because the necessary technology does not exist for wind generators, and that most transmission providers recognize this limitation and permit wind generators to maintain a power factor of unity. In Order No. 2003-A, the Commission stated that it agreed with FPL Energy's argument, and therefore, was revising Article 9.6.1 in the *pro forma* LGIA to provide that the power factor requirements set forth therein did not apply to wind generators. Order No. 2003-A at P 406.

The Filing Parties propose two modifications to the *pro forma* language adopted in Order No. 2003-A. First, for the reasons discussed in the preceding section concerning Article 5.4, the Filing Parties maintain that it is appropriate that the exemption for wind generators in Article 9.6.1 only apply to those wind generators using non-synchronous (*i.e.* induction) technology. Second, as FPL Energy noted in its request for rehearing, most transmission providers still require that wind generators maintain a power factor of unity at the Point of Interconnection. Therefore, the Filing Parties believe that it is more consistent with good reliability practices, while at the same time appropriately recognizing the limitations noted by FPL Energy, to specify, in Article 9.6.1, that induction-type wind generators are required to maintain a power factor of unity at the Point of Interconnection, rather than exempting those units from power factor requirements altogether.

In addition, the Filing Parties note that SCE has filed a request for rehearing of Order No. 2003-A regarding this provision. SCE reaffirms its position stated in its rehearing order, and continues to believe that the Order 2003-A's wholesale exemption for wind generators with respect to Article 9.6.1 could affect the safety and reliability of SCE's transmission system. If the Commission grants SCE's rehearing request, all of the Filing Parties agree to substitute the terms specified by the Commission on rehearing for the provisions set forth in the attached.

V. EFFECTIVE DATE AND INTERIM INTERCONNECTION AGREEMENT

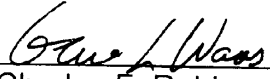

The Commission stated in its January 8 Order that where the *pro forma* LGIP and/or LGIA were modified, interconnection agreements currently in use would remain in effect until the modified interconnection documents were approved by the Commission. The Filing Parties intend that the agreements currently used in California will remain in effect until the modified *pro forma* LGIP and LGIA are approved by the Commission. The Filing Parties urge the Commission to set the effective date of the modified versions of the LGIP and LGIA prospectively, as substantial disruption to interconnection efforts that would then be underway could result if the Commission were to establish a retroactive effective date. This same issue arose in the Commission's acceptance of ISO Tariff Amendment No. 39 implementing the ISO's current interconnection provisions, and the Commission ultimately found it necessary to reverse its original order giving Amendment No. 39 retroactive effect.¹²

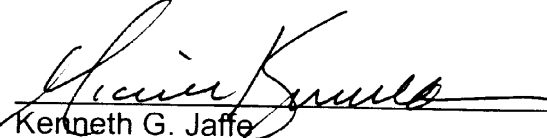
¹² *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, 100 FERC ¶ 61,235 (2002).

VI. CONCLUSION



For the reasons set forth above, the Filing Parties respectfully request that the Commission approve the attached LGIA as a *pro forma* agreement.

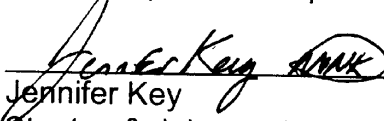

Respectfully submitted,

 
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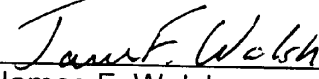


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ATTACHMENT A

LGIA Order No. 2003-A Matrix of Changes

NOTE: Changes to the language of the LGIA as originally filed on February 9, 2004, are displayed in the matrix below as highlighted additions and strikeouts in the column entitled "Changes from Original Compliance Filing." This matrix also shows any departures from the *pro forma* LGIA language adopted in Order No. 2003-A. These changes are displayed as highlighted additions and strikeouts in the column entitled "Changes from New Provisions of Order No. 2003-A." The non-highlighted additions and strikeouts in both columns represent the changes made from the original *pro forma* joint LGIA as proposed in the February 9 filing.

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
Definition of "Commercial Operation"	<u>Commercial Operation shall mean the status of an Electric Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.</u>	Commercial Operation shall mean the status of an <u>Electric Generating Unit at a</u> Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.	Compliance Filing: Adds Order No. 2003-A new defined term. <u>Order No. 2003-A:</u> Clarifies that this term as defined will apply to each Electric Generating Unit, as opposed to the Generating Facility as a whole.
Definition of "Commercial Operation Date"	Commercial Operation Date of an Electric Generating Unit shall mean the date on which Interconnection Customer commences commercial operation of the Electric Generating Unit at the Generating Facility commences Commercial Operation after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement this LGIA.	<u>Commercial Operation Date of an Electric Generating Unit</u> shall mean the date on which the <u>Electric Generating Unit at the</u> Generating Facility commences Commercial Operation as agreed to by the <u>Parties applicable Participating TO and the Interconnection Customer</u> pursuant to Appendix E to the Standard Large Generator Interconnection Agreement this LGIA.	Compliance Filing: Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language except to specify who the relevant Parties are in this context.
Definition of "Control Area"	<u>Control Area</u> shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by <u>the Applicable Reliability Council</u> NERC .	[No change from Order No. 2003-A]	Compliance Filing: Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the Order No. 2003-A language.

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
Definition of "Force Majeure"	Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other caused beyond a Party's control. A Force Majeure event does not include an acts of negligence or intentional wrongdoing by the Party claiming Force Majeure .	[No change from Order No. 2003-A]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the Order No. 2003-A language.
Definition of "Trial Operation"	Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the an Electric Generating Facility Unit prior to e Commercial e Operation.	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
2.3 Termination Procedures	This LGIA may be terminated as follows:	[No change from Order No. 2003-A]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the Order No. 2003-A language.
2.3.1 Written Notice	This LGIA may be terminated by [The Interconnection Customer may terminate this LGIA after giving the Transmission Provider ISO and Participating TO ninety (90) Calendar Days advance written notice; or by the ISO and the Participating TO notifying FERC after the Generating Facility permanently ceases Commercial Operation.	This LGIA may be terminated by <u>the</u> Interconnection Customer after giving <u>the</u> Transmission Provider <u>ISO and Participating TO</u> ninety (90) Calendar Days advance written notice, or by <u>Transmission Provider the ISO and the Participating TO</u> notifying FERC after the Generating Facility permanently ceases Commercial Operation.	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language except to specify who the Transmission Provider is in this context (and add "the").
2.3.4	Notwithstanding the foregoing Articles 2.3.1, 2.3.2, and 2.3.3, no termination shall become effective until the Parties have complied with all Applicable Laws	Notwithstanding Articles <u>2.3.1, and 2.3.2, and 2.3.3,</u> ...	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u>

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.		Adds reference to the additional Article added in the original compliance filing.
3.1 Filing	<p>The Transmission Provider Participating TO and the ISO shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority(ies), if required. Any information related to studies for interconnection asserted by Interconnection Customer to contain competitively sensitive commercial or financial information shall be maintained by the Transmission Provider Participating TO and ISO and identified as "confidential" under seal stating that Interconnection Customer asserts such information is Confidential Information and has requested such information be kept under seal. If requested by the Transmission Provider Participating TO or ISO, Interconnection Customer shall provide the Transmission Provider Participating TO or ISO, in writing, with the Interconnection Customer's basis for asserting that the information referred to in this Article 3.1 is competitively sensitive information, and the Transmission Provider Participating TO or ISO may disclose such writing to the appropriate Governmental Authority. Interconnection Customer shall be responsible for the costs associated with affording confidential treatment of such information. The Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22.</p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>
4.1. Interconnection Service Product Options	<p>.... ER Interconnection Service does not in and of itself convey any transmission delivery service.</p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No.</p>

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading).	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
4.3 Generator Balancing Service Arrangements	Generator Balancing Service Arrangements. Interconnection Customer must comply with the provisions of the ISO Tariff governing imbalance energy demonstrate, to the Transmission Provider's reasonable satisfaction, that it has satisfied the requirements of this Article 4.3 prior to the submission of any schedules for delivery service to such Transmission Provider identifying the Large Generating Facility as the Point of Receipt for such scheduled delivery.	[No new change]	2003-A language. Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: No change from the additional Order No. 2003-A language.
4.54 No Transmission Delivery Service	The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under the Transmission Provider's ISO Tariff, and does not convey any right to deliver electricity to any specific customer or point of delivery.	The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under <u>the ISO Tariff</u> , and does not convey any right to deliver electricity to any specific customer or <u>point of delivery</u> .	Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: No change from the additional Order No. 2003-A language except to lower-case "point of delivery" to reflect that it is not a defined term in the LGIA.
5.1.3 Option to Build	If the dates designated by Interconnection Customer are not acceptable to Transmission Provider <u>the Participating TO</u> , the Transmission Provider <u>Participating TO</u> shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider <u>Participating TO's Interconnection Facilities and Stand Alone Network Upgrades. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the</u>	If the dates designated by Interconnection Customer are not acceptable to Transmission Provider <u>the Participating TO</u> , the Transmission Provider <u>Participating TO</u> shall so notify <u>the</u> Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider <u>Participating TO's Interconnection</u>	Compliance Filing: Makes Order No. 2003-A changes, but with substantial additional clarification, as discussed below. Order No. 2003-A: Adds language that is superior to the language in Order No. 2003-A, because the Order 2003-A language refers to dates that are not actually specified in Article 5.1.2. Thus, the additional language makes clear that, consistent with Article 5.1.4, the Interconnection

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<u>Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO. ...</u>	<u>Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO.</u>	Customer must notify the Participating TO within 30 days of receipt of the Participating TO's notice that the specified dates are not acceptable.
5.1.4	<u>... Interconnection Customer shall so notify Transmission ProviderParticipating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO.</u>	<u>... Interconnection Customer shall so notify Transmission ProviderParticipating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO.</u>	<u>Compliance Filing:</u> Makes same clarifying change as in 5.1.3 to put the Interconnection Customer on notice that it must elect the Option to Build, if it so desires, within 30 Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable. Without this change, the Parties may not be clear that the thirty day time period runs from that date. <u>Order No. 2003-A:</u> Same as above.
5.2(8)	<u>If the Interconnection Customer retains ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, (The Interconnection Customer shall transfer control of</u>	<u>The Interconnection Customer shall transfer control of Transmission ProviderParticipating TO's Interconnection Facilities to the</u>	<u>Compliance Filing:</u> Deletes changes made to the original compliance filing that are no longer necessary in light of

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	Transmission Provider Participating TO's Interconnection Facilities to the Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the ISO and shall become a party to the Transmission Control Agreement with regard to the Stand Alone Network Upgrades Transmission Provider; and	Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the ISO to Transmission Provider;	Order No. 2003-A. Order No. 2003-A: No change from the additional Order No. 2003-A language.
5.2(9)	Unless the Parties otherwise agree, if the Interconnection Customer shall transfers ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO, then as soon as reasonably practicable, ...	Unless the Parties otherwise agree, the Interconnection Customer shall transfer ownership of Transmission Provider the Participating TO's Interconnection Facilities and Stand-Alone Network Upgrades to the Participating TO Transmission Provider; As soon as reasonably practicable,	Compliance Filing: Makes Order No. 2003-A changes to the compliance filing provision that was added to address the issues underlying this Order No. 2003-A change. Order No. 2003-A: Regional variation/ independent entity change that clarifies who the Transmission Provider is in this context.
5.2(10)	109) Transmission Provider the Participating TO shall approve and accept for operation and maintenance the Transmission Provider Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2, which operation and maintenance shall be provided in accordance with a separate agreement between the Interconnection Customer and the Participating TO;	[No new change]	Compliance Filing: Deletes changes made to the original compliance filing that are no longer necessary in light of Order No. 2003-A. Order No. 2003-A: No change from the additional Order No. 2003-A language.
5.2(11) Interconnection Customer shall deliver to the Participating TO "as-built" drawings, information, and any other documents that are reasonably required by the Participating TO to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications	Interconnection Customer shall deliver to Transmission Provider the Participating TO "as-built" drawings, information, and any other documents that are reasonably required by the Participating	Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: Regional variation/ independent entity change clarifying who the Transmission

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<u>required by the Participating TO.</u>	TO Transmission Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by <u>the Participating TO</u> Transmission Provider .	Provider is in this context.
5.3 Liquidated Damages	.... <u>Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Participating TO's failure to meet its schedule.</u>	Liquidated damages, when the Parties agree to them, are the exclusive remedy for the <u>Participating TO</u> Transmission Provider 's failure to meet its schedule.	Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: Regional variation/independent entity change clarifying who the Transmission Provider is in this context.
5.4 Power System Stabilizers	.... <u>The requirements of this Article 5.4 shall not apply to wind generators of the induction type.</u>	.... The requirements of this paragraph Article 5.4 shall not apply to wind generators <u>of the induction type.</u>	Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: Clarifies that certain wind generation technologies are of the synchronous type and therefore can meet the requirements of Article 5.4. Therefore an exemption from reliability standards should only apply to wind generators of the induction type.
5.10.1 Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications.	5.10.1 Large Generating Facility and <u>Interconnection Customer's Interconnection Facilities</u> Specifications.	5.10.1 <u>Large Generating Facility and Interconnection Customer's Interconnection Facilities</u> Specifications	Compliance Filing: Makes Order No. 2003-A changes. Order No. 2003-A: Clarifies that the relevant provisions also include specifications for the Large Generating Facility, as well as the Interconnection

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
			Customer's Interconnection Facilities.
5.10.2 Transmission Provider Participating TO's and ISO's Review	... Interconnection Customer shall make such changes to the <u>ICIF Interconnection Customer's Interconnection Facilities</u> as may reasonably be required by Transmission Provider <u>the Participating TO or the ISO</u> , in accordance with Good Utility Practice, to ensure that the <u>ICIF Interconnection Customer's Interconnection Facilities</u> are compatible with the telemetry, communication technical specifications, Operational Control, and safety requirements of the Transmission Provider Participating TO or the ISO.	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
5.10.3 (ICIF) Interconnection Customer's Interconnection Facilities Construction.	... The Interconnection Customer shall provide Transmission Provider <u>the Participating TO and the ISO</u> specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, <u>if applicable.</u> ...	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
5.12 Access Rights	Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish <i>at no cost</i> to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, and its agents <u>(if allowed under the applicable agency agreement), or any Affiliate,</u> that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: ...	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
5.13 Lands of Other Property Owners	... the Transmission Provider or Transmission Owner Participating TO shall at Interconnection Customer's expense use efforts,	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes.

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<p>similar in nature and extent to those that it typically undertakes on its own behalf <u>or on behalf of its Affiliates</u>, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Transmission Provider or Transmission Owner's Participating TO's Interconnection Facilities and/or Network Upgrades upon such property. Upon receipt of a reasonable siting request, Transmission Provider Participating TO shall provide siting assistance to the Interconnection Customer comparable to that provided to the Transmission Provider's Participating TO's own, or an Affiliate's generation.</p>		<p>Order No. 2003-A: No change from the additional Order No. 2003-A language.</p>
5.16 Suspension	<p>Interconnection Customer reserves the right, upon written notice to Transmission Provider the Participating TO and the ISO, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider Participating TO's Interconnection Facilities, and/or Network Upgrades, and/or <u>Distribution Upgrades</u> required under this LGIA with the condition that the Transmission Provider Participating TO's electrical system and the ISO Controlled Grid and ISO shall be left in a safe and reliable condition in accordance with Good Utility Practice . . .</p> <p><u>The three-year period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the ISO, if no effective date is specified.</u></p>	<p>Interconnection Customer reserves the right, upon written notice to Transmission Provider the Participating TO and the ISO, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider Participating TO's Interconnection Facilities, and/or Network Upgrades, and/or <u>Distribution Upgrades</u> required under this LGIA with the condition that <u>the Transmission System Participating TO's electrical system and the ISO Controlled Grid</u> shall be left in a safe and reliable condition in accordance with Good Utility Practice . . .</p>	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p>Order No. 2003-A: Regional variation/independent entity change clarifying that the requirement applies both to the Participating TO's electrical system and the entire ISO Controlled Grid and that notice of suspension of work must be given to both the Participating TO and the ISO.</p>

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
		The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider <u>the Participating TO and the ISO</u> , if no effective date is specified.	
5.17.3 Indemnification for Taxes <u>the Cost Consequence of Current Tax Liability</u> Imposed Upon Transmission Provider the Participating TO	Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider <u>the Participating TO</u> from income taxes <u>the cost consequences of any current tax liability</u> imposed against Transmission Provider <u>the Participating TO</u> as the result of payments or property transfers made by Interconnection Customer to Transmission Provider <u>the Participating TO</u> under this LGIA for <u>Interconnection Facilities, including income taxes resulting from circumstances described in Article 5.17.6</u> , as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider <u>Participating TO</u> .	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes, and deletes changes made to the original compliance filing that are no longer necessary in light of Order No. 2003-A. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
5.17.3 (cont.)	Transmission Provider <u>The Participating TO</u> shall not include a gross-up for income taxes <u>the cost consequences of any current tax liability</u> in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider <u>the Participating TO</u> has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider <u>the Participating TO</u> should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider <u>the Participating TO</u> to report payments or property as income subject to taxation; provided, however, that Transmission Provider <u>Unless the</u>	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes, and deletes changes made to the original compliance filing that are no longer necessary in light of Order No. 2003-A. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<p>Federal Energy Regulatory Commission rules otherwise,; provided, however, that the Participating TO may require Interconnection Customer to provide security for Interconnection Facilities, in an amount not to exceed the gross-up computed under Article 5.17.4, assuming the payments or property transfers described in this Article 5.17.3 had been includible in the Participating TO's income subject to taxation at the time of transfer. Such security shall be provided in a form reasonably acceptable to Transmission Provider the Participating TO (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17, in an amount equal to Interconnection Customer's estimated tax liability under this Article 5.17 until (x) in the case of a refundable contribution (e.g., an advance for system upgrades), the date the obligation to refund becomes fixed or (y) in the case of a non-refundable contribution (e.g., a contribution for an intertie), the date the risk of subsequent taxability described in Article 5.17.6 no longer exists, as reasonably determined by Participating TO. Interconnection Customer shall reimburse Transmission Provider the Participating TO for such taxes costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider the Participating TO of the amount due, including detail about how the amount was calculated.</p>		
5.17.3 (cont.)	<p>In the event that the Transmission Provider Participating TO includes a gross-up upon its own determination that the payments or property transfers should be reported as</p>	[No change from Order No. 2003-A]	Compliance Filing: Makes Order No. 2003-A changes, and deletes changes made to the original

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	income subject to taxation, the Interconnection Customer may require the Transmission Provider Participating TO to provide security, in a form reasonably acceptable to the Interconnection Customer (such as a parental guarantee or a letter of credit) in an amount equal to the Interconnection Customer's estimated tax liability under this Article 5.17, provided that any expense incurred by the Participating TO to a third party (e.g., bank) in providing such security shall be paid by the Interconnection Customer.		compliance filing that are no longer necessary in light of Order No. 2003-A. <u>Order No. 2003-A:</u> No change from the Order No. 2003-A language (deletion of entire provision not found in 2003-A).
5.17.3 (cont.)	The indemnification obligation shall terminate at the earlier later of (1) the expiration of the 10-ten year testing period, as contemplated by IRS Notice 88-129, and the applicable statute of limitation, as it may be extended by the Transmission Provider Participating TO upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17 date the risk of subsequent taxability as described in Article 5.17.6 no longer exists, as reasonably determined by the Participating TO.	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
5.17.4 Tax Gross-Up Amount	Interconnection Customer's liability for taxes <u>the cost consequences of any current tax liability</u> under this Article 5.17 shall be calculated on a fully grossed-up basis. ...	[No change from Order No. 2003-A]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the Order No. 2003-A language.
5.17.5 Private Letter Ruling or Change or Clarification of Law	..., provided, however, the Interconnection Customer and the Participating TO explicitly acknowledges (and nothing herein is intended to alter) Participating TO's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.	[No new change]	<u>Compliance Filing:</u> Clarifies that Participating TO also acknowledges its obligation to certify that the facts presented in the ruling request are true, correct, and

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<p>... If the private letter ruling concludes that such transfers or sums are not subject to federal income taxation, or a clarification of or change in law results in Transmission Provider the Participating TO determining in good faith that such transfers or sums are not subject to federal income taxation, Parties' obligations regarding a gross-up or security under this Article 5.17 shall be reduced accordingly.</p>		<p>complete.</p> <p>The second set of changes (deletion of the final sentence of the Article) was made to comply with Order No. 2003 changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>
5.17.6 Subsequent Taxable Events	<p>If, within 10 years from the date on which the relevant Transmission Provider Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article<u>Section</u> Article 5.17.2(i), (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider Participating TO retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the taxes-cost consequences of any current tax liability imposed on Transmission Provider Participating TO, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.</p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>
5.17.7 Contests	<p>.... Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider the Participating TO shall <u>may</u> appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider the Participating TO shall <u>may</u> file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. ...</p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes, and deletes changes made to the original compliance filing that are no longer necessary in light of Order No. 2003-A.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	.... Transmission Provider <u>The Participating TO</u> will not be required to appeal or seek further review beyond one level of judicial review.		
5.17.9 Taxes Other Than Income Taxes	Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider <u>the ISO or Participating TO</u> shall may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider <u>the ISO or Participating TO</u> for which Interconnection Customer may be required to reimburse Transmission Provider <u>the ISO or Participating TO</u> under the terms of this LGIA. <u>Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest.</u>	Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider <u>the ISO or Participating TO</u> may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider <u>the ISO or Participating TO</u> for which Interconnection Customer may be required to reimburse Transmission Provider <u>the ISO or Participating TO</u> under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider <u>the Participating TO</u> on a periodic basis, as invoiced by Transmission Provider <u>the Participating TO</u> , Transmission Provider's <u>the Participating TO's</u> documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest.	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language except to specify who the Transmission Provider is in this context.
5.19.3 Modification Costs	Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider <u>the Participating TO</u> makes to the Transmission Provider <u>Participating TO's</u>	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No.

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	Interconnection Facilities or the Participating TO's Transmission System to facilitate the interconnection of a third party to the Transmission Provider <u>Participating TO's</u> Interconnection Facilities or the <u>Participating TO's</u> Transmission System, or to provide transmission service <u>to a third party</u> under the Transmission Provider's <u>ISO</u> Tariff.		2003-A language.
6.4 Right to Inspect	.... Any information that Transmission Provider <u>the Participating TO or ISO</u> obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be <u>Confidential hereunder</u> Information and treated pursuant to Article 22 of this LGIA.	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
9.4 Interconnection Customer Obligations	.... Interconnection Customer shall not commence Commercial <u>Operation of an Electric Generating Unit</u> with the <u>Participating TO's Transmission System</u> until the <u>Participating TO</u> provides prior written approval, which approval shall not be <u>unreasonably withheld</u> , for operation of such <u>Electric Generating Unit</u> .	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes to a provision added to the LGIA in the original compliance filing. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
9.6.1 Power Factor Design Criteria <u>Wind generators of the induction type must maintain unity power factor at the Point of Interconnection.</u> The requirements of this paragraph shall not apply to wind generators. <u>Wind generators of the induction type must maintain unity power factor at the Point of Interconnection.</u>	<u>Compliance Filing:</u> Recognizes Order No. 2003-A changes. While wind generators of the induction type should not be held to the Power Factor Design Criteria of Article 9.6.1 as it read previously, they do have to meet certain requirements in order to operate in a reliable manner. <u>Order No. 2003-A:</u> As stated above (Article 5.4), certain wind generation technologies are of

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
			the synchronous type and therefore can meet the requirements of Article 5.4. Therefore an exemption from reliability standards should only apply to wind generators of the induction type.
9.6.3 Payment for Reactive Power	Transmission Provider ISO is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large an Electric Generating Facility Unit only in those instances where when the Transmission Provider ISO requests the Interconnection Customer to operate its Large Electric Generating Facility Unit outside the agreed upon dead band range as specified in Article 9.6.1, provided that if the ISO pays other generators for reactive power service within the specified range, it must also pay the Interconnection Customer. ...	Transmission Provider ISO is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large an Electric Generating Facility Unit when the Transmission Provider ISO requests the Interconnection Customer to operate its Large Electric Generating Facility Unit outside the range <u>specified in Article 9.6.1, provided that if</u> Transmission Provider the ISO pays its own or affiliated other generators for reactive power service within the specified range, it must also pay <u>the</u> Interconnection Customer. ...	<u>Compliance Filing:</u> Makes Order No. 2003-A changes, with clarification as discussed below. <u>Order No. 2003-A:</u> Specifies that the ISO is the Transmission Provider in this context and recognizes that the ISO does not have its own or affiliated Generating Units.
11.4.1 Refund Repayment of Amounts Advanced for Network Upgrades	Upon the <u>Commercial Operation Date</u> , the Interconnection Customer shall be entitled to a cash refund <u>repayment</u> , equal to the total amount paid to Transmission Provider the Participating TO and Affected System Operator, if any, for the <u>cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed</u>	[No new change to the first part of the provision]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.

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Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	<p>pursuant to LGIP Section 3.4.2. Such amount shall include ing any related tax gross-up or other tax-related payments associated with Network Upgrades, and</p> <p>....</p> <p>.... Any refund repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such refund repayment rights to any person.</p>	<p>.... Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.</p>	
11.4.2 Special Provisions for Affected Systems	<p>.... <u>Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid as well as the repayment of refunds by the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment of refunds for any facilities that are not part of the Participating TO's Transmission System.</u></p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>
11.4.3	<p>Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades,</p>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	including the right to obtain refunds <u>cash reimbursements</u> or transmission credits for transmission service that is not associated with the Large Generating Facility.		
11.5 Provision of Security	... <u>Such security</u> and shall be reduced on a dollar-for-dollar basis, <u>excluding security related to operation and maintenance expenses and removal costs</u> , for payments made to <u>Transmission Provider-Participating TO for these purposes under this LGIA during its term.</u>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>
12.3 Payment	Payment of invoices by Interconnection Customer <u>any Party</u> will not constitute a waiver of any rights or claims Interconnection Customer <u>any Party</u> may have under this LGIA.	any <u>either</u> Party	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> Conforming changes to reflect that this is a three party agreement.</p>
13.6 Interconnection Customer Authority	Consistent with Good Utility Practice, and the this LGIA, and the LGIP ISO Tariff, the Interconnection Customer may take whatever actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System <u>ISO Controlled Grid</u> and the Transmission Provider's Participating TO's Interconnection Facilities. Transmission Provider <u>The ISO and Participating TO shall use Reasonable Efforts to assist</u>	[No new change]	<p><u>Compliance Filing:</u> Makes Order No. 2003-A changes.</p> <p><u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.</p>

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	Interconnection Customer in such actions. Interconnection Customer shall not be obligated to follow Transmission Provider's the ISO's or Participating TO's instructions to the extent the instruction would have a material adverse impact on the safe and reliable operation of Interconnection Customer's Large Generating Facility. Upon request, Interconnection Customer shall provide Transmission Provider the ISO and Participating TO with documentation of any such alleged material adverse impact.		
14.1 Regulatory Requirements	... Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, <u>or the Public Utility Regulatory Policies Act of 1978.</u>	[No new change]	Compliance Filing: Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
15.3 Alternative Forms of Notice	Any notice or request required or permitted to be given by either a Party to the another and not required by this Agreement LGIA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix F.	the another	Compliance Filing: Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> Conforming changes to reflect that this is a three party agreement.
17.1.1 General	No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party. Upon a Default Breach , the affected non-defaulting Breaching Party(ies) shall give written notice of such Default Breach to the defaulting Breaching Party . Except as provided in Article 17.1.2, the defaulting Breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Default Breach ; provided however, if such Default	[No new change]	Compliance Filing: Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	Breach is not capable of cure within thirty (30) Calendar Days, the defaulting Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Default Breach specified in such notice shall cease to exist.		
17.1.2 Right to Terminate	If a Default Breach is not cured as provided in this Article, or if a Default Breach is not capable of being cured within the period provided for herein, the <u>affected non-defaulting Breaching Party(ies)</u> shall have the right to <u>declare a Default and</u> terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that such Party(ies) terminates this LGIA, to recover from the defaulting Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
18.1 Indemnity	Indemnity. The <u>Each Party ies</u> shall at all times indemnify, defend, and <u>save hold</u> the other <u>Parties y</u> harmless from, any and all damages, l <u>Losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the another Party's action or inactions of its obligations under this LGIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.</u>	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
18.3.1	... The minimum limits for the Employers's Liability insurance shall	[No new change]	<u>Compliance Filing:</u> Makes Order No.

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	be One Million Dollars (\$1,000,000) each accident bodily injury by accident, One Million Dollars (\$1,000,000) each employee bodily injury by disease, and One Million Dollars (\$1,000,000) policy limit bodily injury by disease.		2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
18.3.10	Notwithstanding the foregoing, each Party may self-insure to <u>meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8</u> to the extent it maintains a self-insurance program; provided that, such Party's senior <u>unsecured debt or issuer rating is rated at investment grade BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8.</u> For any period of time that a Party's senior <u>unsecured -debt rating and issuer rating are both is unrated by Standard & Poor's or is-are both rated at less than investment grade BBB- by Standard & Poor's</u> , such Party shall comply with the insurance requirements applicable to it under Articles 18.3.24 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall not be required to comply with the insurance requirements applicable to it under Articles 18.3.1 through <u>notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.</u>	.... In the event that a Party is permitted to self-insure pursuant to this article Article 18.3.10 , it shall notify the other Parties y that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> The reference to the applicable article (18.3.10) remains for clarity and reference is changed from "Party" to "Parties" to recognize that the LGIA is a three-party agreement.
19.1 Assignment	This LGIA may be assigned by either a Party only with the written consent of the other Parties; provided that either a Party may assign this LGIA without the consent of the other Parties y 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 LGIA;		<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language, except to identify who is the Transmission Provider.

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the Transmission Provider <u>ISO or Participating TO</u> , for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to promptly notify the Transmission Provider <u>ISO and Participating TO</u> of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Transmission Provider <u>ISO and Participating TO</u> of the date and particulars of any such exercise of assignment right(s), <u>including providing the ISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3. ...</u>	, including providing the Transmission Provider <u>ISO and Participating TO</u> with proof that it meets the requirements of Articles 11.5 and 18.3. ...	
22.1 Confidentiality	.... If requested by either any Party, the other Parties y shall provide in writing, the basis for asserting that the information referred to in this Article <u>22</u> warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. . . .	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
22.1.3 Release of Confidential Information	Neither No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, <u>Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358)</u> , <u>subcontractors</u> , or to parties who may be or considering providing financing to or equity	Affiliates (limited by the Standards of Conduct requirements <u>set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358</u>), subcontractors,	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> Specifies the applicable FERC regulations for clarity.

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. ...		
22.1.10 Disclosure to FERC, or its Staff, or a State	.... Parties are prohibited from notifying the other Parties y to this LGIA prior to the release of the Confidential Information to the Commission FERC or its staff. The Party shall notify the other Parties y to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. <u>Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with the applicable state rules and regulations.</u>	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
22.1.12	22.1.12 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language (deletion of entire provision not found in 2003-A).
24.2 Information Submission by Participating TO Transmission Provider	The initial information submission by Transmission Provider Participating TO shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include the <u>Participating TO's</u> Transmission System information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise	... unless agreed to by the <u>Parties Participating TO and the Interconnection Customer.</u>	<u>Compliance Filing:</u> Makes Order No. 2003-A changes, recognizing that this is a three party agreement. <u>Order No. 2003-A:</u> Specifies which of the Parties are required for agreement in this

LGIA Order No. 2003-A Matrix of Changes

Article	Changes from Original Compliance Filing (Highlighted with Shading)	Changes from New Provisions of Order No. 2003-A (Highlighted with Shading)	Reason for Change
	mutually agreed to by both Parties the Participating TO and the Interconnection Customer. ...		context.
Appendix E	On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. _____. This letter confirms that [Interconnection Customer] commenced e Commercial o Operation of Unit No. _____ at the Large Electric Generating Facility Unit, effective as of [Date plus one day] .	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.
<u>Appendix H To LGIA</u>	<u>Appendix H To LGIA Requirements of Generators Relying on Newer Technologies</u>	[No new change]	<u>Compliance Filing:</u> Makes Order No. 2003-A changes, recognizing that the Compliance filing made on February 9, 2004 included an Appendix G "Reliability Management System Agreement", therefore, the Appendix for "Requirements of Generators Relying on Newer Technologies" is assigned to Appendix H. <u>Order No. 2003-A:</u> No change from the additional Order No. 2003-A language.

ATTACHMENT B

ATTACHMENT B

Changes to LGIA Reflecting Order No. 2003-A

Commercial Operation shall mean the status of an Electric Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of an Electric Generating Unit shall mean the date on which ~~Interconnection Customer commences commercial operation of the~~ Electric Generating Unit at the Generating Facility commences Commercial Operation after Trial Operation of such unit has been completed as confirmed in writing substantially in the form shown in as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement this LGIA.

* * *

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council ~~NERC~~.

* * *

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other caused beyond a Party's control. A Force Majeure event does not include ~~an acts~~ of negligence or intentional wrongdoing by the Party claiming Force Majeure.

* * *

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of ~~the an Electric Generating Facility Unit~~ prior to ~~e~~Commercial ~~e~~Operation.

* * *

2.3 Termination Procedures. This LGIA may be terminated as follows:

2.3.1 Written Notice. ~~This LGIA may be terminated by t~~The Interconnection Customer ~~may terminate this LGIA~~ after giving the Transmission Provider ISO and Participating TO ninety (90) Calendar Days advance written notice; ~~or by the ISO and the Participating TO notifying FERC after the Generating Facility permanently ceases Commercial Operation.~~

2.3.2 Default. Either ~~A~~ Party may terminate this LGIA in accordance with Article 17.

2.3.3 Suspension of Work. This LGIA may be deemed terminated in accordance with Article 5.16.

2.3.4 Notwithstanding ~~the foregoing, Articles 2.3.1, 2.3.2, and 2.3.3,~~ no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.

* * *

3.1 Filing. The Transmission Provider ~~Participating TO~~ and the ISO shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority(ies), if required. ~~Any information related to studies for interconnection asserted by Interconnection Customer to contain competitively sensitive commercial or financial information shall be maintained by the Transmission Provider Participating TO and ISO and identified as "confidential" under seal stating that Interconnection Customer asserts such information is Confidential Information and has requested such information be kept under seal. If requested by the Transmission Provider Participating TO or ISO, Interconnection Customer shall provide the Transmission Provider Participating TO or ISO, in writing, with the Interconnection Customer's basis for asserting that the information referred to in this Article 3.1 is competitively sensitive information, and the Transmission Provider Participating TO or ISO may disclose such writing to the appropriate Governmental Authority. Interconnection Customer shall be responsible for the costs associated with affording confidential treatment of such information. The Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22.~~ If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with Transmission Provider ~~Participating TO and ISO~~ with respect to such filing and to provide any information reasonably requested by ~~Transmission Provider Participating TO or ISO~~ needed to comply with applicable regulatory requirements.

* * *

4.1.1.1 The Product. ER-Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Participating TO's Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm available capacity of the ISO Controlled Grid Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive ER-Interconnection Service, the Transmission Provider Participating TO shall construct facilities consistent with the studies identified in Attachment Appendices A and C that the Participating TO is responsible to construct. ER Interconnection Service does not in and of itself convey any transmission delivery service.

* * *

4.3 Generator Balancing Service Arrangements. Interconnection Customer must comply with the provisions of the ISO Tariff governing imbalance energy demonstrate, to the Transmission Provider's reasonable satisfaction, that it has satisfied the requirements of this Article 4.3 prior to the submission of any schedules for delivery service to such Transmission Provider identifying the Large Generating Facility as the Point of Receipt for such scheduled delivery.

4.43 Performance Standards. . . .

* * *

4.54 No Transmission Delivery Service. The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under the Transmission Provider's ISO Tariff, and does not convey any right to deliver electricity to any specific customer or point of delivery.

4.65 Interconnection Customer Provided Services. . . .

* * *

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Transmission Provider the Participating TO, the Transmission Provider Participating TO shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider Participating TO's Interconnection Facilities and Stand Alone Network Upgrades. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement

~~and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO. Both Transmission Provider The Participating TO, ISO, and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to the this LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.~~

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify ~~Transmission Provider~~ Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which ~~Transmission Provider~~ Participating TO is responsible for the design, procurement and construction of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, ~~Transmission Provider~~ Participating TO shall assume responsibility for the design, procurement and construction of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Network Upgrades pursuant to Article 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build

....

~~(8) If the Interconnection Customer retains ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, the Interconnection Customer shall transfer control of Transmission Provider Participating TO's Interconnection Facilities to the Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the ISO and shall become a party to the Transmission Control Agreement with regard to the Stand Alone Network Upgrades Transmission Provider; and~~

~~(9) Unless the Parties otherwise agree, if the Interconnection Customer shall transfers ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO,~~

~~then a~~As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, the Interconnection Customer shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO, which invoice shall set forth such costs in sufficient detail to enable the Participating TO to reflect the proper costs of such facilities in its transmission rate base and to identify the investment upon which refunds will be provided;

(109) ~~Transmission Provider~~ the Participating TO shall approve and accept for operation and maintenance the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2, ~~which operation and maintenance shall be provided in accordance with a separate agreement between the Interconnection Customer and the Participating TO;~~ and

(114) ~~Interconnection Customer's~~ engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of the "Option to Build" conditions set forth in Appendix C. ~~Interconnection Customer shall deliver to the Participating TO "as-built" drawings, information, and any other documents that are reasonably required by the Participating TO to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by the Participating TO.~~

5.3 Liquidated Damages.

....

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the ~~Transmission Provider~~ Participating TO's Interconnection Facilities and Network Upgrades for which the ~~Transmission Provider~~ Participating TO has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the ~~Transmission Provider~~ Participating TO to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Participating TO's failure to meet its schedule.

....

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council and in accordance with the provisions of Section 5.4.1 of the ISO Tariff.
~~Transmission Provider~~ The ISO reserves the right to reasonably establish reasonable minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the ISO and the Participating TO and restore the Power System Stabilizers to operation as soon as possible and in accordance with the Reliability Management System Agreement in Appendix G-Transmission Provider's system operator, or its designated representative. The ISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the ISO Controlled Grid would be adversely affected as a result of improperly tuned Power System Stabilizers. The requirements of this Article 5.4 shall not apply to wind generators of the induction type.

* * *

5.10.1 Large Generating Facility and Interconnection Customer's

Interconnection Facilities Specifications. Interconnection Customer shall submit initial specifications for the ~~ICIF~~ Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to ~~Transmission Provider~~ the Participating TO and the ISO at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. ~~Transmission Provider~~ The Participating TO and the ISO shall review such specifications pursuant to this LGIA and the LGIP to ensure that the ICIF Interconnection Customer's Interconnection Facilities and Large Generating Facility are compatible with the technical specifications, operational control, and safety requirements, and any other applicable requirements of the Transmission Provider Participating TO and the ISO and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 ~~Transmission Provider~~ Participating TO's and ISO's Review.

~~Transmission Provider~~ The Participating TO's and the ISO's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF Interconnection Customer's Interconnection Facilities. Interconnection

Customer shall make such changes to the ICIF-Interconnection Customer's Interconnection Facilities as may reasonably be required by Transmission Provider, the Participating TO or the ISO, in accordance with Good Utility Practice, to ensure that the ICIF-Interconnection Customer's Interconnection Facilities are compatible with the telemetry, communication technical specifications, Operational Control, and safety requirements of the Transmission Provider, Participating TO or the ISO.

5.10.3 ICIF-Interconnection Customer's Interconnection Facilities

Construction. The ICIF-Interconnection Customer's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties-Participating TO and Interconnection Customer agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Transmission Provider, Participating TO and ISO "as-built" drawings, information and documents for the ICIF-Interconnection Customer's Interconnection Facilities and the Electric Generating Unit(s), such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF-Interconnection Customer's Interconnection Facilities, plan and elevation drawings showing the layout of the ICIF-Interconnection Customer's Interconnection Facilities, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF-Interconnection Customer's Interconnection Facilities, and the impedances (determined by factory tests) for the associated step-up transformers and the Large-Electric Generating-Facilities Units. The Interconnection Customer shall provide Transmission Provider, the Participating TO and the ISO specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable. Any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Interconnection Customer shall be assessed by the Participating TO and the ISO pursuant to the appropriate provisions of this LGIA and the LGIP.

* * *

- 5.12 Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish *at no cost* to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, and its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or

witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Participating TO's Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Participating TO's Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

- 5.13 Lands of Other Property Owners.** If any part of the ~~Transmission Provider or Transmission Owner's~~ Participating TO's Interconnection Facilities and/or Network Upgrades ~~is~~ are to be installed on property owned by persons other than Interconnection Customer or ~~Transmission Provider or Transmission Owner~~ Participating TO, the ~~Transmission Provider or Transmission Owner~~ Participating TO shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the ~~Transmission Provider or Transmission Owner's~~ Participating TO's Interconnection Facilities and/or Network Upgrades upon such property. ~~Upon receipt of a reasonable siting request, Transmission Provider~~ Participating TO shall provide siting assistance to the Interconnection Customer comparable to that provided to the Transmission Provider's ~~Participating TO's~~ own, or an Affiliate's generation.

* * *

- 5.16 Suspension.** Interconnection Customer reserves the right, upon written notice to ~~Transmission Provider~~ the Participating TO and the ISO, to suspend at any time all work by ~~Transmission Provider~~ associated with the construction and installation of ~~Transmission Provider~~ Participating TO's Interconnection Facilities, and/or Network Upgrades, and/or Distribution Upgrades required under this LGIA with the condition that the ~~Transmission Provider~~ Participating TO's electrical system and the ISO Controlled Grid and ISO shall be left in a safe and reliable condition in accordance with Good Utility Practice and the ~~Transmission Provider~~ Participating TO's safety and reliability criteria and the ISO's Applicable Reliability Standards. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which ~~Transmission Provider~~ the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the ~~Transmission System~~ Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with

the cancellation or suspension of material, equipment and labor contracts which ~~Transmission Provider~~ Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, ~~Transmission Provider~~ Participating TO shall obtain Interconnection Customer's authorization to do so.

~~Transmission Provider~~ The Participating TO shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by ~~Transmission Provider~~ required under this LGIA pursuant to this Article 5.16, and has not requested ~~Transmission Provider~~ Participating TO to recommence the work or has not itself recommenced work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the ISO, if no effective date is specified.

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5.17.3 Indemnification for ~~Taxes~~ the Cost Consequence of Current Tax

Liability Imposed Upon ~~Transmission Provider~~ the Participating TO. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless ~~Transmission Provider~~ the Participating TO from ~~income taxes~~ the cost consequences of any current tax liability imposed against ~~Transmission Provider~~ the Participating TO as the result of payments or property transfers made by Interconnection Customer to ~~Transmission Provider~~ the Participating TO under this LGIA for Interconnection Facilities, including income taxes resulting from circumstances described in Article 5.17.6, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by ~~Transmission Provider~~ Participating TO.

~~Transmission Provider~~ The Participating TO shall not include a gross-up for ~~income taxes~~ the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) ~~Transmission Provider~~ the Participating TO has determined, in good faith, that the payments or property transfers made by Interconnection Customer to ~~Transmission Provider~~ the Participating TO should be reported as income subject to taxation or (ii) any Governmental Authority directs ~~Transmission Provider~~ the Participating TO to report payments or property as income subject to taxation; provided, however, that ~~Transmission Provider~~ Unless the Federal Energy Regulatory Commission rules otherwise,; provided, however, that the Participating TO may require Interconnection Customer to provide security for Interconnection Facilities, in an amount not to exceed the gross-up computed under Article 5.17.4, assuming the payments or property transfers described in this Article

~~5.17.3 had been includible in the Participating TO's income subject to taxation at the time of transfer. Such security shall be provided in a form reasonably acceptable to Transmission Provider the Participating TO (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17, in an amount equal to Interconnection Customer's estimated tax liability under this Article 5.17 until (x) in the case of a refundable contribution (e.g., an advance for system upgrades), the date the obligation to refund becomes fixed or (y) in the case of a non-refundable contribution (e.g., a contribution for an intertie), the date the risk of subsequent taxability described in Article 5.17.6 no longer exists, as reasonably determined by Participating TO. Interconnection Customer shall reimburse Transmission Provider the Participating TO for such taxes-costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider the Participating TO of the amount due, including detail about how the amount was calculated.~~

~~In the event that the Transmission Provider Participating TO includes a gross-up upon its own determination that the payments or property transfers should be reported as income subject to taxation, the Interconnection Customer may require the Transmission Provider Participating TO to provide security, in a form reasonably acceptable to the Interconnection Customer (such as a parental guarantee or a letter of credit) in an amount equal to the Interconnection Customer's estimated tax liability under this Article 5.17; provided that any expense incurred by the Participating TO to a third party (e.g., bank) in providing such security shall be paid by the Interconnection Customer.~~

~~The indemnification obligation shall terminate at the earlier-later of (1) the expiration of the 10-ten year testing period, as contemplated by IRS Notice 88-129, and the applicable statute of limitation, as it may be extended by the Transmission Provider Participating TO upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17 date the risk of subsequent taxability as described in Article 5.17.6 no longer exists, as reasonably determined by the Participating TO.~~

5.17.4 Tax Gross-Up Amount. ~~Interconnection Customer's liability for taxes~~the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay ~~Transmission Provider the Participating TO~~, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on ~~Transmission Provider the~~

Participating TO ("Current Taxes") on the excess of (a) the gross income realized by ~~Transmission Provider~~ the Participating TO as a result of payments or property transfers made by Interconnection Customer to ~~Transmission Provider~~ the Participating TO under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit ~~the Transmission Provider~~ Participating TO to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on ~~Transmission Provider~~ the Participating TO's composite federal and state tax rates at the time the payments or property transfers are received and ~~Transmission Provider~~ the Participating TO will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting ~~Transmission Provider~~ the Participating TO's anticipated tax depreciation deductions as a result of such payments or property transfers by ~~Transmission Provider~~ the Participating TO's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to ~~Transmission Owner~~ the Participating TO pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At

Interconnection Customer's request and expense, ~~Transmission Provider~~ the Participating TO shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to ~~Transmission Provider~~ the Participating TO under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. ~~Transmission Provider~~ The Participating TO and Interconnection Customer shall cooperate in good faith with respect to the submission of such request, provided, however, the Interconnection Customer and the Participating TO explicitly acknowledges (and nothing herein is intended to alter) Participating TO's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

~~Transmission Provider~~ The Participating TO shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. ~~Transmission Provider~~ The Participating TO shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request. ~~If the private letter ruling concludes that such transfers or sums are not subject to federal income taxation, or a clarification of or change in law results in Transmission Provider the Participating TO determining in good faith that such transfers or sums are not subject to federal income taxation, Parties' obligations regarding a gross-up or security under this Article 5.17 shall be reduced accordingly.~~

5.17.6 Subsequent Taxable Events. ~~If, within 10 years from the date on which the relevant Transmission Provider Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article~~ Section Article 5.17.2(i), (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider Participating TO retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the taxes-cost consequences of any current tax liability imposed on Transmission Provider Participating TO, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that ~~Transmission Provider~~ the Participating TO's receipt of payments or property constitutes income that is subject to taxation, ~~Transmission Provider~~ the Participating TO shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, ~~Transmission Provider~~ the Participating TO shall may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, ~~Transmission Provider~~ the Participating TO shall may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. ~~Transmission Provider~~ The Participating TO reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but ~~Transmission Provider~~ the Participating TO shall keep

Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to ~~Transmission Provider the Participating TO~~ on a periodic basis, as invoiced by ~~Transmission Provider the Participating TO~~, ~~Transmission Provider the Participating TO's~~ documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Participating TO may abandon any contest if the Interconnection Customer fails to provide payment to the Participating TO within (30) Calendar Days of receiving such invoice.

~~Transmission Provider The Participating TO will not be required to appeal or seek further review beyond one level of judicial review.~~ At any time during the contest, ~~Transmission Provider the Participating TO~~ may agree to a settlement either with Interconnection Customer's consent or, if such consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by ~~Transmission Provider the Participating TO~~, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding ~~sentence~~ paragraph. Any ~~settlement~~ The Participating TO may also settle any tax controversy without receiving Interconnection Customer's consent or any such written advice; however, any such settlement will relieve Interconnection Customer from any obligation to indemnify ~~Transmission Provider the Participating TO~~ for the tax at issue in the contest (unless the failure to obtain written advice is attributable to Interconnection Customer's unreasonable refusal to the appointment of independent tax counsel).

* * *

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, ~~Transmission Provider the ISO or Participating TO shall may~~ appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against ~~Transmission Provider the ISO or Participating TO~~ for which Interconnection Customer may be required to reimburse ~~Transmission Provider the ISO or Participating TO~~ under the terms of this LGIA.

Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer, the ISO, and ~~Transmission Provider~~ Participating TO shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to ~~Transmission Provider~~ the ISO or Participating TO for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by ~~Transmission Provider~~ Participating TO.

* * *

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that ~~Transmission Provider~~ the Participating TO makes to the ~~Transmission Provider~~ Participating TO's Interconnection Facilities or the Participating TO's Transmission System to facilitate the interconnection of a third party to the ~~Transmission Provider~~ Participating TO's Interconnection Facilities or the Participating TO's Transmission System, or to provide transmission service to a third party under the ~~Transmission Provider's ISO~~ Participating TO's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the ~~Interconnection Customer~~ Interconnection Facilities that may be necessary to maintain or upgrade such ~~Interconnection Customer~~ Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

* * *

6.4 Right to Inspect. - Each Party shall have the right, but shall have no obligation to: (i) observe ~~the another~~ Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of ~~the another~~ Party's System Protection Facilities and other protective equipment; and (iii) review ~~the another~~ Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness,

safety, desirability, or reliability of same. Any information that ~~Transmission Provider~~ the Participating TO or ISO obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential hereunder Information and treated pursuant to Article 22 of this LGIA.

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9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, ~~as including~~ such requirements ~~are as~~ set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. ~~Either A Party may request that the another Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA. Interconnection Customer shall not commence~~ Commercial Operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit.

* * *

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the ~~Point of Interconnection terminals of the Electric Generating Unit~~ at a power factor within the range of 0.95 leading to 0.95-0.90 lagging, unless ~~Transmission Provider~~ the ISO has established different requirements that apply to all generators in the Control Area on a comparable basis. Wind generators of the induction type must maintain unity power factor at the Point of Interconnection.

* * *

9.6.3 Payment for Reactive Power. ~~Transmission Provider~~ ISO is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from ~~the Large an Electric Generating Facility Unit only in those instances where~~ when the Transmission Provider ISO requests the Interconnection Customer to operate its Large Electric Generating Facility Unit outside the agreed upon dead band range as specified in Article 9.6.1, provided that if the ISO pays other generators for reactive power service within the specified range, it must also pay the

Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties-ISO and Interconnection Customer have otherwise agreed.

* * *

11.4.1 ~~Refund~~ Repayment of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a cash refund/repayment, equal to the total amount paid to Transmission Provider the Participating TO and Affected System Operator, if any, for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall include ing any related tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to and shall be paid to Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating Facility.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator refund all amounts to the Interconnection Customer and Participating TO, provided that such amount is paid by Interconnection Customer for the Network Upgrades, together with interest, within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Transmission Provider and Affected System Operator shall provide refunds to Interconnection Customer only after commercial operation of the Large Generating Facility has been demonstrated.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time provide refunds to Interconnection Customer for the amounts advanced for the Network Upgrades. Any refund/repayment shall include interest calculated in accordance with the methodology set

forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a refund repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such refund repayment rights to any person.

11.4.2 Special Provisions for Affected Systems. ~~Unless the Transmission Provider provides, under the LGIA, for the payment of refunds for amounts advanced to Affected System Operator for Network Upgrades, the Interconnection Customer and shall enter into an agreement with the owner of the Affected System Operator shall enter into an agreement that provides for such payment. The agreement shall specify the terms governing and/or other affected owners of portions of the ISO Controlled Grid, as applicable, in accordance with the LGIP payments to be made by the Interconnection Customer to the Affected System Operator as well as the payment of refunds by the Affected System Operator. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid as well as the repayment of refunds by the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment of refunds for any facilities that are not part of the Participating TO's Transmission System.~~

~~Refunds are to be paid without regard to whether the Interconnection Customer contracts for transmission service on the Affected System. If the Interconnection Customer does not contract for transmission service, and in the absence of another mutually agreeable payment schedule, refunds shall be established at a level equal to the Affected System's rate for firm point-to-point transmission service multiplied by the output of the Large Generating Facility assumed in the Interconnection Facilities Study. All refunds must be paid within five years of the Commercial Operation Date.~~

11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain refundscash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a ~~Transmission Provider's Participating TO's~~ Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide ~~Transmission Provider Participating TO~~, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to ~~Transmission Provider Participating TO~~ and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of ~~Transmission Provider's Participating TO's~~ Interconnection Facilities, Network Upgrades, or Distribution Upgrades, operation and maintenance expenses for a period of four (4) months, and the estimated costs to remove the Participating TO's Interconnection Facilities upon termination of this LGIA. Such security and shall be reduced on a dollar-for-dollar basis, excluding security related to operation and maintenance expenses and removal costs, for payments made to ~~Transmission Provider Participating TO for these purposes under this LGIA during its term.~~

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12.3 Payment. Invoices shall be rendered to the ~~paying Party~~ Interconnection Customer at the address specified in Appendix F. The ~~Party~~ Interconnection Customer ~~receiving the invoice shall pay, or Participating TO shall refund, the invoice amounts due within thirty (30) Calendar Days of Interconnection Customer's receipt of the invoice.~~ All payments shall be made in immediately available funds payable to the ~~other Party~~ Interconnection Customer or Participating TO, or by wire transfer to a bank named and account designated by the ~~invoicing Party~~ Interconnection Customer or Participating TO. Payment of invoices by ~~Interconnection Customer any Party~~ will not constitute a waiver of any rights or claims ~~Interconnection Customer any Party~~ may have under this LGIA.

* * *

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice, and ~~the this LGIA, and the LGIP ISO Tariff,~~ the Interconnection Customer may take ~~whatever~~ actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the ~~Transmission System~~ ISO Controlled Grid and the ~~Transmission Provider's Participating TO's~~ Interconnection Facilities. ~~Transmission Provider~~ The ISO and Participating TO

shall use Reasonable Efforts to assist Interconnection Customer in such actions. ~~Interconnection Customer shall not be obligated to follow Transmission Provider's the ISO's or Participating TO's instructions to the extent the instruction would have a material adverse impact on the safe and reliable operation of Interconnection Customer's Large Generating Facility. Upon request, Interconnection Customer shall provide Transmission Provider the ISO and Participating TO with documentation of any such alleged material adverse impact.~~

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- 14.1 Regulatory Requirements.** Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

* * *

- 15.3 Alternative Forms of Notice.** Any notice or request required or permitted to be given by ~~either a Party to the an~~ other and not required by this ~~Agreement~~ LGIA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix F.

* * *

17.1 Default

- 17.1.1 General.** No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party. Upon a ~~Default Breach~~, the ~~affected non-defaulting Breaching Party(ies)~~ shall give written notice of such ~~Default Breach~~ to the ~~defaulting Breaching~~ Party. Except as provided in Article 17.1.2, the ~~defaulting Breaching~~ Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such ~~Default Breach~~; provided however, if such ~~Default Breach~~ is not capable of cure within thirty (30) Calendar Days, the ~~defaulting Breaching~~ Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently

complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the ~~Default Breach~~ specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a ~~Default Breach~~ is not cured as provided in this Article, or if a ~~Default Breach~~ is not capable of being cured within the period provided for herein, the affected non-defaulting-Breaching Party(ies) shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that such Party(ies) terminates this LGIA, to recover from the ~~defaulting Breaching~~ Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

* * *

18.1 Indemnity. ~~The Each Party ies shall at all times indemnify, defend, and save hold the other Parties y-harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the another Party's action or inactions of its obligations under this LGIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.~~

* * *

18.3.1 ~~Employers's Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located, except in the case of the ISO, the State of California. The minimum limits for the Employers's Liability insurance shall be One Million Dollars (\$1,000,000) each accident bodily injury by accident, One Million Dollars (\$1,000,000) each employee bodily injury by disease, and One Million Dollars (\$1,000,000) policy limit bodily injury by disease.~~

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18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is rated at investment grade BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2

through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both is-unrated by Standard & Poor's or is-are both rated at less than investment-grade BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.21 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall not be required to comply with the insurance requirements applicable to it under Articles 18.3.1 through 18.3.9 through notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

* * *

19.1 Assignment. This LGIA may be assigned by either a Party only with the written consent of the other Parties; provided that either a Party may assign this LGIA without the consent of the other Parties y-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 LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the ~~Transmission Provider~~ ISO or Participating TO, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will ~~require any secured party, trustee or mortgagee to promptly~~ notify the ~~Transmission Provider~~ ISO and Participating TO of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the ~~Transmission Provider~~ ISO and Participating TO of the date and particulars of any such exercise of assignment right(s), including providing the ISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA 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.

* * *

22.1 Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by ~~either any~~ of the Parties to the other Parties prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is

conveyed orally or by inspection, if the Party providing the information orally informs the Parties y-receiving the information that the information is confidential.

If requested by ~~either any~~ Party, the other Parties y-shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

* * *

22.1.3 Release of Confidential Information. ~~Neither No~~ Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), subcontractors, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

* * *

22.1.10 Disclosure to FERC, or its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties y-to this LGIA prior to the release of the Confidential Information to ~~the Commission~~ FERC or its staff. The Party shall notify the other Parties y-to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time ~~either any~~ of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with the applicable state rules and regulations.

* * *

22.1.12. This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

* * *

24.2 Information Submission by Participating TO-Transmission Provider. The initial information submission by ~~Transmission Provider~~ Participating TO shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include the Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise mutually agreed to by both Parties the Participating TO and the Interconnection Customer. On a monthly basis ~~Transmission Provider~~ Participating TO shall provide Interconnection Customer and the ISO a status report on the construction and installation of ~~Transmission Provider's~~ Participating TO's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report" (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

* * *

Appendix E

....

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced ~~e~~Commercial ~~e~~Operation of Unit No. ____ at the ~~Large Electric~~ Generating Facility ~~Unit~~, effective as of **[Date plus one day]**.

* * *

Appendix H To LGIA

Requirements of Generators Relying on Newer Technologies

ATTACHMENT C

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)

[INTERCONNECTION CUSTOMER]

[PARTICIPATING TO]

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

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STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

[INTERCONNECTION CUSTOMER]

[PARTICIPATING TO]

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("LGIA") is made and entered into this ____ day of _____, 20____, by and among _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), _____, a corporation organized and existing under the laws of the State of California ("**Participating TO**"), and **California Independent System Operator Corporation**, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("ISO"). Interconnection Customer, Participating TO, and ISO each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

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

WHEREAS, the Participating TO owns, operates, and maintains the Participating TO's Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this LGIA; and

WHEREAS, Interconnection Customer, Participating TO, and ISO have agreed to enter into this LGIA for the purpose of interconnecting the Large Generating Facility with the Participating TO's Transmission System;

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

When used in this LGIA, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

ARTICLE 1. DEFINITIONS

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TO's electric system that is not part of the ISO Controlled Grid.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Participating TO's Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies.

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

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

Business Day shall mean Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.

Calendar Day shall mean any day including Saturday, Sunday or a federal holiday.

Commercial Operation shall mean the status of an Electric Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of an Electric Generating Unit shall mean the date on which the Electric Generating Unit at the Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to this LGIA.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Article 22.1.2.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of this LGIA.

Distribution System shall mean those non-ISO-controlled transmission and distribution facilities owned by the Participating TO.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which this LGIA becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit shall mean an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the ISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the ISO Controlled Grid or the electric systems of others to which the ISO Controlled Grid is directly connected; (3) that, in the case of the Participating TO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Participating TO's Transmission System, Participating TO's Interconnection Facilities, Distribution System, or the electric systems of others to which the Participating TO's electric system is directly connected; or (4)

that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's Electric Generating Unit(s) used for the production of electricity identified in the Interconnection Customer's Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Good Utility Practice shall mean 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 which, 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 others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, ISO, Participating TO, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which an Electric Generating Unit is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO’s Interconnection Facilities to obtain back feed power.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of this LGIA, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Participating TO’s Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Participating TO’s Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Participating TO’s Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean the study conducted by the Participating TO, the ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO’s Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the Participating TO’s Transmission System.

Interconnection Facilities Study Agreement shall mean the agreement between the Interconnection Customer and the Participating TO or the ISO for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean the preliminary evaluation conducted by the Participating TO, ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the

Generating Facility to the Participating TO's Transmission System, and, if reasonably practicable, an informational assessment, as needed, of other affected owners' portions of the ISO Controlled Grid.

Interconnection Handbook shall mean a handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of this LGIA and the terms of the Participating TO's Interconnection Handbook, the terms in this LGIA shall apply.

Interconnection Request shall mean a request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the ISO Tariff.

Interconnection Service shall mean the service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the Participating TO's Transmission System and enabling the ISO Controlled Grid to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of this LGIA, the Participating TO's Transmission Owner Tariff, and the ISO Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study performed by the Participating TO, the ISO, or a third party consultant for the Interconnection Customer pursuant to the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean the engineering study conducted by the Participating TO, ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the Participating TO's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

IRS shall mean the Internal Revenue Service.

ISO Controlled Grid shall mean the system of transmission lines and associated facilities of the parties to the Transmission Control Agreement that have been placed under the ISO's Operational Control.

ISO Tariff shall mean the ISO's tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Large Generating Facility shall mean a Generating Facility.

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

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request and any other valid interconnection request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed for measuring the output of the Generating Facility pursuant to this LGIA at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Upgrades shall be Participating TO's Delivery Network Upgrades and Participating TO's Reliability Network Upgrades.

Operational Control shall mean the rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Participating TO's Delivery Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies, as identified in Appendix A, to relieve constraints on the ISO Controlled Grid.

Participating TO's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to this

LGIA, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Participating TO's Reliability Network Upgrades shall mean the additions, modifications, and upgrades to the Participating TO's Transmission System at or beyond the Point of Interconnection, identified in the Interconnection Studies, as identified in Appendix A, necessary to interconnect the Large Generating Facility safely and reliably to the Participating TO's Transmission System, which would not have been necessary but for the interconnection of the Large Generating Facility, including additions, modifications, and upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the Participating TO's Transmission System. Participating TO's Reliability Network Upgrades also include, consistent with Applicable Reliability Council practice, the Participating TO's facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's Applicable Reliability Council rating.

Participating TO's Transmission System shall mean the facilities owned and operated by the Participating TO and that have been placed under the ISO's Operational Control, which facilities form part of the ISO Controlled Grid.

Party or Parties shall mean Participating TO, ISO, Interconnection Customer or the applicable combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to this LGIA, where the Interconnection Facilities connect to the Participating TO's Transmission System.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this LGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting among representatives of the Interconnection Customer, the Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Stand Alone Network Upgrades shall mean Network Upgrades that the Interconnection Customer may construct without affecting day-to-day operations of the ISO Controlled Grid or Affected Systems during their construction. The Participating TO, the ISO, and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to this LGIA.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the ISO protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, that protects (1) the Participating TO's Transmission System, Participating TO's Interconnection Facilities, ISO Controlled Grid, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the ISO Controlled Grid, Participating TO's Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the ISO Controlled Grid is directly connected.

Transmission Control Agreement shall mean ISO FERC Electric Tariff No. 7.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of an Electric Generating Unit prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. ISO and Participating TO shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ____ years from the Effective Date (***Term Specified in Individual Agreements to be ten (10) years or such other longer period as the Interconnection Customer may request***) and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by the Interconnection Customer after giving the ISO and Participating TO ninety (90) Calendar Days advance written notice, or by the ISO and the Participating TO

notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. A Party may terminate this LGIA in accordance with Article 17.

2.3.3 Suspension of Work. This LGIA may be deemed terminated in accordance with Article 5.16.

2.3.4 Notwithstanding Articles 2.3.1, 2.3.2, and 2.3.3, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.

2.4 Termination Costs. If this LGIA terminates pursuant to Article 2.3 above, the Interconnection Customer shall pay all costs incurred or irrevocably committed to be incurred in association with the Interconnection Customer's interconnection (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) and other expenses, including any Network Upgrades and Distribution Upgrades for which the Participating TO or ISO has incurred expenses or has irrevocably committed to incur expenses and has not been reimbursed by the Interconnection Customer, as of the date of the other Parties' receipt of the notice of termination, subject to the limitations set forth in this Article 2.4. Nothing in this Article 2.4 shall limit the Parties' rights under Article 17.

2.4.1 Notwithstanding the foregoing, in the event of termination by a Party, all Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. With respect to any portion of the Participating TO's Interconnection Facilities that have not yet been constructed or installed, the Participating TO shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and the Participating TO shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Participating TO for any or all such costs of materials or equipment not taken by Interconnection Customer, Participating TO shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties, incurred by the Participating TO to cancel any pending orders of or return such materials, equipment, or contracts.

2.4.2 Participating TO may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Participating TO shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Participating TO's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Parties pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

ARTICLE 3. REGULATORY FILINGS AND ISO TARIFF COMPLIANCE

3.1 Filing. The Participating TO and the ISO shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority(ies), if required. The Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If the Interconnection Customer has executed this LGIA, or any amendment thereto, the Interconnection Customer shall reasonably cooperate with Participating TO and ISO with respect to such filing and to provide any information reasonably requested by Participating TO or ISO needed to comply with applicable regulatory requirements.

3.2 Agreement Subject to ISO Tariff. The Interconnection Customer will comply with all applicable provisions of the ISO Tariff, including the LGIP.

3.3 Relationship Between this LGIA and the ISO Tariff.

[ALTERNATIVE APPROACHES TO THE WORDING FOR THIS PROVISION ARE SET FORTH IN THE FILING LETTER ACCOMPANYING THE FEBRUARY 9, 2004 JOINT LGIA FILING, FOR DETERMINATION BY FERC OF THE APPROPRIATE TERMS.]

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Interconnection Service.** Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Participating TO's Transmission System and be eligible to deliver the Large Generating Facility's output using the available capacity of the ISO Controlled Grid. To the extent Interconnection Customer wants to receive Interconnection Service, the Participating TO shall construct facilities identified in Appendices A and C that the Participating TO is responsible to construct.

Interconnection Service does not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the ISO Controlled Grid without incurring congestion costs. In the event of transmission constraints on the ISO Controlled Grid, the Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in the ISO Tariff in the same manner as all other resources.

- 4.2 Provision of Service.** The Participating TO and the ISO shall provide Interconnection Service for the Large Generating Facility.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is the ISO or Participating TO, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission service under the ISO Tariff, and does not convey any right to deliver electricity to any specific customer or point of delivery.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

Interconnection Facilities, Network Upgrades, and Distribution Upgrades shall be studied, designed, and constructed pursuant to Good Utility Practice. Such studies, design and construction shall be based on the assumed accuracy and completeness of all technical information received by the Participating TO and the ISO from the Interconnection Customer associated with interconnecting the Large Generating Facility.

5.1 Options. Unless otherwise mutually agreed among the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of the Participating TO's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option. The Participating TO shall design, procure, and construct the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, using Reasonable Efforts to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the dates set forth in Appendix B, Milestones. The Participating TO shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event the Participating TO reasonably expects that it will not be able to complete the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades by the specified dates, the Participating TO shall promptly provide written notice to the Interconnection Customer and the ISO and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to the Participating TO, the Participating TO shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities by the designated dates.

If Participating TO subsequently fails to complete Participating TO's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial

Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Participating TO shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the ISO refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to the Participating TO, the Participating TO shall so notify the Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Participating TO's Interconnection Facilities and Stand Alone Network Upgrades. If the Interconnection Customer elects to exercise its option to assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, it shall so notify the Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO. The Participating TO, ISO, and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A to this LGIA. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Participating TO within thirty (30) Calendar Days of receipt of the Participating TO's notification that the designated dates are not acceptable to the Participating TO, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Participating TO is responsible for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Participating TO shall assume responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Network Upgrades pursuant to Article 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades,

(1) the Interconnection Customer shall engineer, procure equipment, and construct the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Participating TO;

(2) Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Participating TO would be subject in the engineering, procurement or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(3) the Participating TO shall review, and the Interconnection Customer shall obtain the Participating TO's approval of, the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, which approval shall not be unreasonably withheld, and the ISO may, at its option, review the engineering design, equipment acceptance tests, and the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to the Participating TO, with a copy to the ISO for informational purposes, a schedule for construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Participating TO;

(5) at any time during construction, the Participating TO shall have the right to gain unrestricted access to the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by the Participating TO, the Interconnection Customer shall be obligated to remedy deficiencies in that portion of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades;

(7) the Interconnection Customer shall indemnify the ISO and Participating TO for claims arising from the Interconnection Customer's construction of Participating TO's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

(8) The Interconnection Customer shall transfer control of Participating TO's Interconnection Facilities to the Participating TO and shall transfer Operational Control of Stand Alone Network Upgrades to the ISO;

(9) Unless the Parties otherwise agree, the Interconnection Customer shall transfer ownership of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO. As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, the Interconnection Customer shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the Participating TO, which invoice shall set forth such costs in sufficient detail to enable the Participating TO to reflect the proper costs of such facilities in its transmission rate base and to identify the investment upon which refunds will be provided;

(10) the Participating TO shall accept for operation and maintenance the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer's engineering, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of the "Option to Build" conditions set forth in Appendix C. Interconnection Customer shall deliver to the Participating TO "as-built" drawings, information, and any other documents that are reasonably required by the Participating TO to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by the Participating TO.

5.3 Liquidated Damages. The actual damages to the Interconnection Customer, in the event the Participating TO's Interconnection Facilities or Network Upgrades are not completed by the dates designated by the Interconnection Customer and accepted by the Participating TO pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Participating TO to the Interconnection

Customer in the event that Participating TO does not complete any portion of the Participating TO's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades, in the aggregate, for which Participating TO has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of the Participating TO's Interconnection Facilities and Network Upgrades for which the Participating TO has assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Participating TO to the Interconnection Customer as just compensation for the damages caused to the Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Participating TO's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for the Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit on the specified dates, unless the Interconnection Customer would have been able to commence use of the Participating TO's Interconnection Facilities or Network Upgrades to take the delivery of power for Electric Generating Unit's Trial Operation or to export power from the Electric Generating Unit, but for Participating TO's or ISO's delay; (2) the Participating TO's failure to meet the specified dates is the result of the action or inaction of the Interconnection Customer or any other interconnection customer who has entered into an interconnection agreement with the ISO and/or Participating TO, action or inaction by the ISO, or any cause beyond Participating TO's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

In no event shall the ISO have any responsibility or liability to the Interconnection Customer for liquidated damages pursuant to the provisions of this Article 5.3.

- 5.4 Power System Stabilizers.** The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council and in accordance with the provisions of Section 5.4.1 of the ISO Tariff. The ISO reserves the right to establish reasonable minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's

Power System Stabilizers are removed from service or not capable of automatic operation, the Interconnection Customer shall immediately notify the ISO and the Participating TO and restore the Power System Stabilizers to operation as soon as possible and in accordance with the Reliability Management System Agreement in Appendix G. The ISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the ISO Controlled Grid would be adversely affected as a result of improperly tuned Power System Stabilizers. The requirements of this Article 5.4 shall not apply to wind generators of the induction type.

5.5 Equipment Procurement. If responsibility for construction of the Participating TO's Interconnection Facilities or Network Upgrades is to be borne by the Participating TO, then the Participating TO shall commence design of the Participating TO's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 The Participating TO has completed the Interconnection Facilities Study pursuant to the Interconnection Facilities Study Agreement;

5.5.2 The Participating TO has received written authorization to proceed with design and procurement from the Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 The Interconnection Customer has provided security to the Participating TO in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement. The Participating TO shall commence construction of the Participating TO's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of the Participating TO's Interconnection Facilities and Network Upgrades;

5.6.3 The Participating TO has received written authorization to proceed with construction from the Interconnection Customer by the date specified in Appendix B, Milestones; and

5.6.4 The Interconnection Customer has provided security to the Participating TO in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.7 Work Progress. The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Any Party may, at any time, request a progress report from another Party. If, at any time, the Interconnection Customer determines that the completion of the Participating TO's Interconnection Facilities will not be required until after the specified in-service date, the Interconnection Customer will provide written notice to the Participating TO and ISO of such later date upon which the completion of the Participating TO's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Interconnection Customer's Interconnection Facilities and Participating TO's Interconnection Facilities and compatibility of the Interconnection Facilities with the Participating TO's Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of the Participating TO's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Electric Generating Unit, the Participating TO and/or ISO, as applicable, shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Participating TO's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. The Participating TO and ISO shall permit Interconnection Customer to operate the Electric Generating Unit and the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities. Interconnection Customer shall, at its expense, design, procure, construct, own and install the Interconnection Customer's Interconnection Facilities, as set forth in Appendix A.

5.10.1 Large Generating Facility and Interconnection Customer's Interconnection Facilities Specifications. Interconnection Customer shall submit initial specifications for the Interconnection Customer's Interconnection Facilities and Large Generating Facility, including System Protection Facilities, to the Participating TO and the ISO at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. The Participating

TO and the ISO shall review such specifications pursuant to this LGIA and the LGIP to ensure that the Interconnection Customer's Interconnection Facilities and Large Generating Facility are compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the Participating TO and the ISO and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Participating TO's and ISO's Review. The Participating TO's and the ISO's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall make such changes to the Interconnection Customer's Interconnection Facilities as may reasonably be required by the Participating TO or the ISO, in accordance with Good Utility Practice, to ensure that the Interconnection Customer's Interconnection Facilities are compatible with the technical specifications, Operational Control, and safety requirements of the Participating TO or the ISO.

5.10.3 Interconnection Customer's Interconnection Facilities Construction.

The Interconnection Customer's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Participating TO and Interconnection Customer agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Participating TO and ISO "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities and the Electric Generating Unit(s), such as: a one-line diagram, a site plan showing the Large Generating Facility and the Interconnection Customer's Interconnection Facilities, plan and elevation drawings showing the layout of the Interconnection Customer's Interconnection Facilities, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the Interconnection Customer's Interconnection Facilities, and the impedances (determined by factory tests) for the associated step-up transformers and the Electric Generating Units. The Interconnection Customer shall provide the Participating TO and the ISO specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable. Any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Interconnection Customer shall be assessed by the

Participating TO and the ISO pursuant to the appropriate provisions of this LGIA and the LGIP.

5.10.4 Interconnection Customer to Meet Requirements of the Participating TO's Interconnection Handbook. The Interconnection Customer shall comply with the Participating TO's Interconnection Handbook.

5.11 Participating TO's Interconnection Facilities Construction. The Participating TO's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Participating TO and Interconnection Customer agree on another mutually acceptable deadline, the Participating TO shall deliver to the Interconnection Customer and the ISO the following "as-built" drawings, information and documents for the Participating TO's Interconnection Facilities **[include appropriate drawings and relay diagrams]**.

The Participating TO will obtain control for operating and maintenance purposes of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities. Pursuant to Article 5.2, the ISO will obtain Operational Control of the Stand Alone Network Upgrades prior to the Commercial Operation Date.

5.12 Access Rights. Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish *at no cost* to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Participating TO's Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Participating TO's Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners. If any part of the Participating TO's Interconnection Facilities and/or Network Upgrades are to be installed on property owned by persons other than Interconnection Customer or Participating TO, the Participating TO shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own

behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove the Participating TO's Interconnection Facilities and/or Network Upgrades upon such property.

- 5.14 Permits.** Appendix C specifies the allocation of the responsibilities of the Participating TO and the Interconnection Customer to obtain all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. The Parties shall cooperate with each other in good faith in obtaining any such permits, licenses and authorizations. With respect to this paragraph, Participating TO shall provide permitting assistance to the Interconnection Customer comparable to that provided to the Participating TO's own, or an Affiliate's generation.
- 5.15 Early Construction of Base Case Facilities.** Interconnection Customer may request Participating TO to construct, and Participating TO shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Participating TO's Transmission System which are included in the Base Case of the Interconnection Studies for the Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.
- 5.16 Suspension.** Interconnection Customer reserves the right, upon written notice to the Participating TO and the ISO, to suspend at any time all work associated with the construction and installation of Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA with the condition that the Participating TO's electrical system and the ISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the ISO's Applicable Reliability Standards. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Participating TO shall obtain Interconnection Customer's authorization to do so.

The Participating TO shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the

event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested Participating TO to recommence the work or has not itself recommenced work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the ISO, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by Interconnection Customer to Participating TO for the installation of the Participating TO's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as a refundable advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations And Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the ISO Controlled Grid, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Participating TO for the Participating TO's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Participating TO's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions during each of the first ten (10) years after the Commercial Operation Date, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At the Participating TO's request, Interconnection Customer shall provide the Participating TO with a report from an independent engineer confirming its representation in clause (iii), above. Participating TO represents and covenants that the cost of the Participating TO's Interconnection Facilities paid for by Interconnection Customer without the

possibility of refund or credit will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequence of Current Tax Liability Imposed Upon the Participating TO. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless the Participating TO from the cost consequences of any current tax liability imposed against the Participating TO as the result of payments or property transfers made by Interconnection Customer to the Participating TO under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Participating TO.

The Participating TO shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) the Participating TO has determined, in good faith, that the payments or property transfers made by Interconnection Customer to the Participating TO should be reported as income subject to taxation or (ii) any Governmental Authority directs the Participating TO to report payments or property as income subject to taxation; provided, however, that the Participating TO may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to the Participating TO (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse the Participating TO for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from the Participating TO of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the later of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by the Participating TO upon request of the IRS, to keep these years open for audit or adjustment, or (2) the date the risk of subsequent taxability as described in Article 5.17.6 no longer exists, as reasonably determined by the Participating TO.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay the Participating TO, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on the Participating TO ("Current Taxes") on the excess of (a) the gross income realized by the Participating TO as a

result of payments or property transfers made by Interconnection Customer to the Participating TO under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Participating TO to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on the Participating TO's composite federal and state tax rates at the time the payments or property transfers are received and the Participating TO will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Participating TO's anticipated tax depreciation deductions as a result of such payments or property transfers by the Participating TO's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to the Participating TO pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At

Interconnection Customer's request and expense, the Participating TO shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to the Participating TO under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. The Participating TO and Interconnection Customer shall cooperate in good faith with respect to the submission of such request, provided, however, the Interconnection Customer and the Participating TO explicitly acknowledge (and nothing herein is intended to alter) Participating TO's obligation under law to certify that the facts presented in the ruling request are true, correct and complete.

The Participating TO shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to

participate in all discussions with the IRS regarding such request for a private letter ruling. The Participating TO shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Participating TO retains ownership of the Interconnection Facilities and Network Upgrades, the Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Participating TO, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that the Participating TO's receipt of payments or property constitutes income that is subject to taxation, the Participating TO shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, the Participating TO may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, the Participating TO may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. The Participating TO reserve the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but the Participating TO shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest, including any costs associated with obtaining the opinion of independent tax counsel described in this Article 5.17.7. The Participating TO may abandon any contest if the Interconnection Customer fails to provide payment to the Participating TO within thirty (30) Calendar Days of receiving such invoice.

At any time during the contest, the Participating TO may agree to a settlement either with Interconnection Customer's consent or, if such

consent is refused, after obtaining written advice from independent nationally-recognized tax counsel, selected by the Participating TO, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding paragraph. The Participating TO may also settle any tax controversy without receiving Interconnection Customer's consent or any such written advice; however, any such settlement will relieve Interconnection Customer from any obligation to indemnify the Participating TO for the tax at issue in the contest (unless the failure to obtain written advice is attributable to Interconnection Customer's unreasonable refusal to the appointment of independent tax counsel).

5.17.8 Refund. In the event that (a) a private letter ruling is issued to the Participating TO which holds that any amount paid or the value of any property transferred by Interconnection Customer to the Participating TO under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to the Participating TO in good faith that any amount paid or the value of any property transferred by Interconnection Customer to the Participating TO under the terms of this LGIA is not taxable to the Participating TO, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to the Participating TO are not subject to federal income tax, or (d) if the Participating TO receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to the Participating TO pursuant to this LGIA, the Participating TO shall promptly refund to Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

- (ii) on any amounts paid by Interconnection Customer to the Participating TO for such taxes which the Participating TO did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date payment was made by Interconnection Customer to the date the Participating TO refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by the Participating TO, any refund or credit the Participating TO receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Participating TO for such overpayment of taxes (including any reduction in interest otherwise payable by the Participating TO to any Governmental Authority resulting from an offset or credit); provided, however, that the Participating TO will remit such amount promptly to Interconnection Customer only after and to the extent that the Participating TO has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Participating TO's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, the ISO or Participating TO may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the ISO or Participating TO for which Interconnection Customer may be required to reimburse the ISO or Participating TO under the terms of this LGIA. Interconnection Customer shall pay to the Participating TO on a periodic basis, as invoiced by the Participating TO, the Participating TO's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer, the ISO, and Participating TO shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to the ISO or Participating TO for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Participating TO.

5.18 Tax Status. Each Party shall cooperate with the others to maintain the other Parties' tax status. Nothing in this LGIA is intended to adversely affect the ISO's or any Participating TO's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. The Interconnection Customer or the Participating TO may undertake modifications to its facilities, subject to the provisions of this LGIA and the ISO Tariff. If a Party plans to undertake a modification that reasonably may be expected to affect the other Parties' facilities, that Party shall provide to the other Parties sufficient information regarding such modification so that the other Parties may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Parties at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, the ISO or Participating TO shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the ISO Controlled Grid, Participating TO's Interconnection Facilities, Network Upgrades or Distribution Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof. The Participating TO and the ISO shall determine if a Large Generating Facility modification is a Material Modification in accordance with the LGIP.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned the costs of any additions, modifications, or replacements that the Participating TO makes to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System to facilitate the interconnection of a third party to the Participating TO's Interconnection Facilities or the Participating TO's Transmission System, or to provide transmission service to a third party under the ISO Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to the Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

- 6.1 Pre-Commercial Operation Date Testing and Modifications.** Prior to the Commercial Operation Date, the Participating TO shall test the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades and Interconnection Customer shall test the Large Generating Facility and the Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall not commence initial parallel operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.
- 6.2 Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Participating TO's Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 Right to Observe Testing.** Each Party shall notify the other Parties at least fourteen (14) days in advance of its performance of tests of its Interconnection Facilities or Generating Facility. The other Parties have the right, at their own expense, to observe such testing.
- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe another Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of another Party's System Protection Facilities and other protective equipment; and (iii) review another Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety,

desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

ARTICLE 7. METERING

- 7.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. The Interconnection Customer and ISO shall comply with the provisions of the ISO Tariff regarding metering, including Section 10 and the Metering Protocol of the ISO Tariff. Unless otherwise agreed by the Participating TO and the Interconnection Customer, the Participating TO may install additional Metering Equipment at the Point of Interconnection prior to any operation of any Electric Generating Unit and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at the ISO's or Participating TO's option for its respective Metering Equipment, compensated to, the Point of Interconnection. The ISO shall provide metering quantities to Interconnection Customer upon request in accordance with the ISO Tariff by directly polling the ISO's meter data acquisition system. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check the ISO-pollled meters or Participating TO's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except in the case that no other means are available on a temporary basis at the option of the ISO or the Participating TO. The check meters shall be subject at all reasonable times to inspection and examination by the ISO or Participating TO or their designees. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.
- 7.3 Participating TO Retail Metering.** The Participating TO may install retail revenue quality meters and associated equipment, pursuant to the Participating TO's applicable retail tariffs.

ARTICLE 8. COMMUNICATIONS

- 8.1 Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with the ISO in accordance with the provisions of the ISO Tariff and with the Participating TO's dispatcher or representative designated by the Participating TO. Interconnection Customer

shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to the ISO and Participating TO as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by the ISO and Participating TO. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of each Electric Generating Unit, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by the Participating TO at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by the ISO and by the Participating TO through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1.

Telemetry to the ISO shall be provided in accordance with the ISO's technical standards for direct telemetry. For telemetry to the Participating TO, the communication protocol for the data circuit(s) shall be specified by the Participating TO. Instantaneous bi-directional real power and reactive power flow and any other required information must be telemetered directly to the location(s) specified by the Participating TO.

Each Party will promptly advise the other Parties if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by another Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with the Applicable Reliability Council requirements, and the Interconnection Customer shall execute the Reliability

Management System Agreement of the Applicable Reliability Council attached hereto as Appendix G. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

- 9.2 Control Area Notification.** At least three months before Initial Synchronization Date, the Interconnection Customer shall notify the ISO and Participating TO in writing of the Control Area in which the Large Generating Facility intends to be located. If the Interconnection Customer intends to locate the Large Generating Facility in a Control Area other than the Control Area within whose electrically metered boundaries the Large Generating Facility is located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.
- 9.3 ISO and Participating TO Obligations.** ISO and Participating TO shall cause the Participating TO's Transmission System to be operated and controlled in a safe and reliable manner and in accordance with this LGIA. Participating TO at Interconnection Customer's expense shall cause the Participating TO's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. ISO and Participating TO may provide operating instructions to Interconnection Customer consistent with this LGIA and Participating TO and ISO operating protocols and procedures as they may change from time to time. Participating TO and ISO will consider changes to their operating protocols and procedures proposed by Interconnection Customer.
- 9.4 Interconnection Customer Obligations.** Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, including such requirements as set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. A Party may request that another Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA. Interconnection Customer shall not commence Commercial Operation of an Electric Generating Unit with the Participating TO's Transmission System until the Participating TO provides prior written approval, which approval shall not be unreasonably withheld, for operation of such Electric Generating Unit.

9.5 Start-Up and Synchronization. Consistent with the Parties' mutually acceptable procedures, the Interconnection Customer is responsible for the proper synchronization of each Electric Generating Unit to the ISO Controlled Grid.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the terminals of the Electric Generating Unit at a power factor within the range of 0.95 leading to 0.90 lagging, unless the ISO has established different requirements that apply to all generators in the Control Area on a comparable basis. Wind generators of the induction type must maintain unity power factor at the Point of Interconnection.

9.6.2 Voltage Schedules. Once the Interconnection Customer has synchronized an Electric Generating Unit with the ISO Controlled Grid, the ISO or Participating TO shall require Interconnection Customer to maintain a voltage schedule by operating the Electric Generating Unit to produce or absorb reactive power within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria). ISO's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. The Participating TO shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and the ISO or Participating TO may make changes to such schedules as necessary to maintain the reliability of the ISO Controlled Grid or the Participating TO's electric system. Interconnection Customer shall operate the Electric Generating Unit to maintain the specified output voltage or power factor within the design limitations of the Electric Generating Unit set forth in Article 9.6.1 (Power Factor Design Criteria), and as may be required by the ISO to operate the Electric Generating Unit at a specific voltage schedule within the design limitations set forth in Article 9.6.1. If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the ISO and the Participating TO.

9.6.2.1 Governors and Regulators. Whenever an Electric Generating Unit is operated in parallel with the ISO Controlled Grid and the speed governors (if installed on the Electric Generating Unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, Interconnection Customer shall operate the Electric Generating Unit with its speed governors and voltage regulators in automatic operation. If the Electric Generating

Unit's speed governors and voltage regulators are not capable of such automatic operation, the Interconnection Customer shall immediately notify the ISO and the Participating TO and ensure that the Electric Generating Unit operates as specified in Article 9.6.2 through manual operation and that such Electric Generating Unit's reactive power production or absorption (measured in MVARs) are within the design capability of the Electric Generating Unit(s) and steady state stability limits. The Interconnection Customer shall restore the speed governors and voltage regulators to automatic operation as soon as possible and in accordance with the Reliability Management System Agreement in Appendix G. If the Large Generating Facility's speed governors and voltage regulators are improperly tuned or malfunctioning, the ISO shall have the right to order the reduction in output or disconnection of the Large Generating Facility if the reliability of the ISO Controlled Grid would be adversely affected. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the ISO Controlled Grid or trip any Electric Generating Unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power. ISO is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from an Electric Generating Unit when the ISO requests the Interconnection Customer to operate its Electric Generating Unit outside the range specified in Article 9.6.1, provided that if the ISO pays other generators for reactive power service within the specified range, it must also pay the Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the ISO and Interconnection Customer have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Parties remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact another Party's facilities as necessary to perform

maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to all Parties. In all circumstances any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Parties of such removal.

9.7.1.2 Outage Schedules. The ISO shall post scheduled outages of ISO Controlled Grid facilities in accordance with the provisions of the ISO Tariff. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to the ISO in accordance with the ISO Tariff. Interconnection Customer shall update its planned maintenance schedules in accordance with the ISO Tariff. The ISO may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the ISO Controlled Grid in accordance with the ISO Tariff. Such planned maintenance schedules and updates and changes to such schedules shall be provided by the Interconnection Customer to the Participating TO concurrently with their submittal to the ISO. The ISO shall compensate Interconnection Customer for any additional direct costs that the Interconnection Customer incurs as a result of having to reschedule maintenance in accordance with the ISO Tariff. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, the Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects another Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Parties, to the extent such information is known, information on the nature of the Emergency Condition, if the outage is caused by an Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice

explaining the nature of the outage, if requested by a Party, which may be provided by e-mail or facsimile.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, the ISO or the Participating TO may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect the ISO's or the Participating TO's ability to perform such activities as are necessary to safely and reliably operate and maintain the Participating TO's electric system or the ISO Controlled Grid. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

- 9.7.2.1** The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;
- 9.7.2.2** Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the ISO Controlled Grid, subject to any conditions specified in this LGIA;
- 9.7.2.3** When the interruption or reduction must be made under circumstances which do not allow for advance notice, the ISO or Participating TO, as applicable, shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification, if requested by the Interconnection Customer, as soon as practicable;
- 9.7.2.4** Except during the existence of an Emergency Condition, the ISO or Participating TO shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. The ISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to the Interconnection Customer, the ISO, and the Participating TO;
- 9.7.2.5** The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, the Participating TO's Transmission System, and the ISO Controlled Grid to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The ISO Controlled Grid is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency protection set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure "ride through" capability. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with the Participating TO and ISO in accordance with Good Utility Practice. The term "ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the ISO Controlled Grid during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

- 9.7.4.1 System Protection Facilities.** Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Participating TO shall install at Interconnection Customer's expense any System Protection Facilities that may be required on the Participating TO's Interconnection Facilities or the Participating TO's Transmission System as a result of the interconnection of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities.
- 9.7.4.2** The Participating TO's and Interconnection Customer's protection facilities shall be designed and coordinated with other systems in accordance with Applicable Reliability Council criteria and Good Utility Practice.
- 9.7.4.3** The Participating TO and Interconnection Customer shall each be responsible for protection of its facilities consistent with Good Utility Practice.
- 9.7.4.4** The Participating TO's and Interconnection Customer's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker

operations and/or the tripping of the Interconnection Customer's Electric Generating Units.

9.7.4.5 The Participating TO and Interconnection Customer will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook.

9.7.4.6 Prior to the in-service date, and again prior to the Commercial Operation Date, the Participating TO and Interconnection Customer or their agents shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice, the standards and procedures of the Participating TO, including, if applicable, the requirements of the Participating TO's Interconnection Handbook, and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice and, if applicable, the requirements of the Participating TO's Interconnection Handbook, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Participating TO's Transmission System not otherwise isolated by Participating TO's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Participating TO's Transmission System. Such protective equipment shall include, without limitation, a disconnecting device with fault current-interrupting capability located between the Large Generating Facility and the Participating TO's Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the ISO Controlled Grid could adversely affect the Large Generating Facility.

- 9.7.6 Power Quality.** Neither the Participating TO's nor the Interconnection Customer's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, any applicable superseding electric industry standard, or any alternative Applicable Reliability Council standard. In the event of a conflict between ANSI Standard C84.1-1989 any applicable superseding electric industry standard, or any alternative Applicable Reliability Council standard, the alternative Applicable Reliability Council standard shall control.
- 9.8 Switching and Tagging Rules.** Each Party shall provide the other Parties a copy of its switching and tagging rules that are applicable to the other Parties' activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.
- 9.9 Use of Interconnection Facilities by Third Parties.**
- 9.9.1 Purpose of Interconnection Facilities.** Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Participating TO's Transmission System and shall be used for no other purpose.
- 9.9.2 Third Party Users.** If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use the Participating TO's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Participating TO, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Participating TO, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

- 9.10 Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or the ISO Controlled Grid by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

ARTICLE 10. MAINTENANCE

- 10.1 Participating TO Obligations.** Participating TO shall maintain the Participating TO's Transmission System and the Participating TO's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.2 Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** The Participating TO and Interconnection Customer shall cooperate with the other Parties in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Parties. Each Party shall provide advance notice to the other Parties before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Participating TO's Interconnection Facilities.

ARTICLE 11. PERFORMANCE OBLIGATION

- 11.1 Interconnection Customer's Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control the Interconnection Customer's Interconnection Facilities described in Appendix A at its sole expense.
- 11.2 Participating TO's Interconnection Facilities.** Participating TO shall design, procure, construct, install, own and/or control the Participating TO's Interconnection Facilities described in Appendix A at the sole expense of the Interconnection Customer.
- 11.3 Network Upgrades and Distribution Upgrades.** Participating TO shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless the Participating TO elects to fund the capital for the Network Upgrades, they shall be solely funded by the Interconnection Customer.
- 11.4 Transmission Credits.**

[ALTERNATIVE APPROACHES TO THE WORDING FOR THIS PROVISION ARE SET FORTH IN THE FILING LETTER ACCOMPANYING THE FEBRUARY 9, 2004 JOINT LGIA FILING, FOR DETERMINATION BY FERC OF THE APPROPRIATE TERMS.]

11.4.1 Repayment of Amounts Advanced for Network Upgrades.

Upon the Commercial Operation Date, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the cost of Network Upgrades, other than the amount by which the cost of those Network Upgrades is in excess of the benefits of those Network Upgrades, as determined by the economic test performed pursuant to LGIP Section 3.4.2. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination. Any repayment shall include interest calculated in accordance

with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interconnection Customer may assign such repayment rights to any person.

11.4.2 Special Provisions for Affected Systems. The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid, as applicable, in accordance with the LGIP. Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid as well as the repayment by the owner of the Affected System and/or other affected owners of portions of the ISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System.

11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Participating TO's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Participating TO, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Participating TO and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Participating TO's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, operation and maintenance expenses for a period of four (4) months, and the estimated costs to remove the Participating TO's Interconnection Facilities upon termination of this LGIA. Such security shall be reduced on a dollar-for-dollar basis, excluding security related to operation and maintenance expenses and removal costs, for payments made to Participating TO for these purposes.

In addition:

- 11.5.1** The guarantee must be made by an entity that meets the creditworthiness requirements of Participating TO, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.
- 11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Participating TO and must specify a reasonable expiration date.
- 11.5.3** The surety bond must be issued by an insurer reasonably acceptable to Participating TO and must specify a reasonable expiration date.
- 11.6 Interconnection Customer Compensation.** If the ISO requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power) or 13.5.1 of this LGIA, the ISO shall compensate Interconnection Customer in accordance with the ISO Tariff.
- 11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition.** The ISO shall compensate Interconnection Customer in accordance with the ISO Tariff for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the ISO Controlled Grid during an Emergency Condition in accordance with Article 11.6.

ARTICLE 12. INVOICE

- 12.1 General.** The Participating TO shall submit to the Interconnection Customer, on a monthly basis, invoices of amounts due pursuant to this LGIA for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party. Notwithstanding the foregoing, any invoices between the ISO and another Party shall be submitted and paid in accordance with the ISO Tariff.
- 12.2 Final Invoice.** As soon as reasonably practicable, but within twelve months after completion of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, Participating TO shall provide an invoice of the final cost of the construction of the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades, and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if

any, from the cost estimates. Participating TO shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice; or, in the event the actual costs of construction exceed the Interconnection Customer's actual payment for estimated costs, then the Interconnection Customer shall pay to the Participating TO any amount by which the actual costs of construction exceed the actual payment by Interconnection Customer for estimated costs within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the Interconnection Customer at the address specified in Appendix F. The Interconnection Customer shall pay, or Participating TO shall refund, the amounts due within thirty (30) Calendar Days of Interconnection Customer's receipt of the invoice. All payments shall be made in immediately available funds payable to the Interconnection Customer or Participating TO, or by wire transfer to a bank named and account designated by the invoicing Interconnection Customer or Participating TO. Payment of invoices by any Party will not constitute a waiver of any rights or claims any Party may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Interconnection Customer and the Participating TO, the Participating TO and the ISO shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to the Participating TO or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then the Participating TO may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accordance with the methodology set forth in FERC's Regulations at 18 C.F.R. § 35.19a(a)(2)(ii). Notwithstanding the foregoing, any billing dispute between the ISO and another Party shall be resolved in accordance with the provisions of Article 27 of this LGIA.

ARTICLE 13. EMERGENCIES

13.1 [Reserved]

13.2 Obligations. Each Party shall comply with the Emergency Condition procedures of the ISO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures set forth in this LGIA.

13.3 Notice. The Participating TO or the ISO shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects the

Participating TO's Interconnection Facilities or Distribution System or the ISO Controlled Grid, respectively, that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify the Participating TO and the ISO promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the ISO Controlled Grid or the Participating TO's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Participating TO's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice, if requested by a Party, which may be provided by electronic mail or facsimile, or in the case of the ISO may be publicly posted on the ISO's internet web site.

- 13.4 Immediate Action.** Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of the ISO and the Participating TO, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Interconnection Customer's Interconnection Facilities in response to an Emergency Condition declared by the Participating TO or ISO or in response to any other emergency condition.

13.5 ISO and Participating TO Authority.

- 13.5.1 General.** The ISO and Participating TO may take whatever actions or inactions, including issuance of dispatch instructions, with regard to the ISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System they deem necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the ISO Controlled Grid or the Participating TO's Interconnection Facilities or Distribution System, and (iii) limit or prevent damage, and (iv) expedite restoration of service.

The Participating TO and the ISO shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or the Interconnection Customer's Interconnection Facilities. The Participating TO or the ISO may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2;

directing the Interconnection Customer to assist with black start (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of the ISO's and Participating TO's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. The Participating TO or the ISO may reduce Interconnection Service or disconnect the Large Generating Facility or the Interconnection Customer's Interconnection Facilities when such reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of the ISO pursuant to the ISO Tariff. When the ISO or Participating TO can schedule the reduction or disconnection in advance, the ISO or Participating TO shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. The ISO or Participating TO shall coordinate with the Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to the Interconnection Customer and the ISO and Participating TO. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the ISO Controlled Grid to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice, this LGIA, and the ISO Tariff, the Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or the Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or the Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the ISO Controlled Grid and the Participating TO's Interconnection Facilities. The ISO and Participating TO shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.7 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, no Party shall be liable to any other Party for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

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

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix F as information changes. A Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this LGIA.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to another and not required by this LGIA to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Parties in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 No Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party(ies) shall give written notice of such Breach to the Breaching Party. Except as provided in Article 17.1.2, the Breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such

Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the Breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party(ies) shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not such Party(ies) terminates this LGIA, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this LGIA.

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity. Each Party shall at all times indemnify, defend, and hold the other Parties harmless from, any and all Losses arising out of or resulting from another Party's action or inactions of its obligations under this LGIA on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

18.1.1 Indemnified Party. If an indemnified Party is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article 18, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

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

The indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the indemnifying Party. Notwithstanding the foregoing, the indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the indemnified Party, or there exists a conflict or adversity of interest between the indemnified Party and the indemnifying Party, in such event the indemnifying Party shall pay the reasonable expenses of the indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the indemnified Party, which shall not be unreasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the liquidated damages heretofore described in Article 5.3, in no event shall any Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. Each Party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Parties, the following minimum insurance coverages, with insurers rated no less than A- (with a minimum size rating of VII) by Bests' Insurance Guide and Key Ratings and

authorized to do business in the state where the Point of Interconnection is located, except in the case of the ISO, the State of California:

- 18.3.1** Employer's Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located, except in the case of the ISO, the State of California.
- 18.3.2** Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.
- 18.3.3** Business Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4** Excess Public Liability Insurance over and above the Employer's Liability Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Business Automobile Insurance and Excess Public Liability Insurance policies shall name the other Parties, their parents, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 18.3.6** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall

apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

- 18.3.7** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.
- 18.3.9** Within ten (10) Calendar Days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.
- 18.3.11** The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

ARTICLE 19. ASSIGNMENT

- 19.1 Assignment.** This LGIA may be assigned by a Party only with the written consent of the other Parties; provided that a Party may assign this LGIA without the consent of the other Parties 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 LGIA; and provided further that the Interconnection Customer shall have the right to assign this LGIA, without the consent of the ISO or Participating TO, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will promptly notify the ISO and Participating TO of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the ISO and Participating TO of the date and particulars of any such exercise of assignment right(s), including providing the ISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this LGIA 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.

ARTICLE 20. SEVERABILITY

- 20.1 Severability.** If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if the Interconnection Customer (or any third party, but only if such third party is not acting at the direction of the Participating TO or ISO) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of the provisions of Article 5.1.2 or 5.1.4 shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

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

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the other Parties prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Parties receiving the information that the information is confidential.

If requested by any Party, the other Parties shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of this LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

22.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements

set forth in Part 358 of FERC's Regulations, 18 C.F.R. 358), subcontractors, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

22.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Parties. The disclosure by each Party to the other Parties of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

22.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Parties nor to enter into any further agreements or proceed with any other relationship or joint venture.

22.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this LGIA or its regulatory requirements.

22.1.7 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Parties shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 C.F.R. section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, Confidential Information shall not be disclosed by the other Parties to any person not employed or

retained by the other Parties, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Parties, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

- 23.1** Each Party shall notify the other Parties, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Parties copies of any publicly available reports filed with any Governmental Authorities addressing such events.

ARTICLE 24. INFORMATION REQUIREMENTS

- 24.1 Information Acquisition.** The Participating TO and the Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 Information Submission by Participating TO.** The initial information submission by Participating TO shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include the Participating TO's Transmission System information necessary to allow the Interconnection Customer to select equipment and meet any system protection and stability

requirements, unless otherwise agreed to by the Participating TO and the Interconnection Customer. On a monthly basis Participating TO shall provide Interconnection Customer and the ISO a status report on the construction and installation of Participating TO's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by the Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Electric Generating Unit data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to the Participating TO and the ISO for the Interconnection Studies. Information in this submission shall be the most current Electric Generating Unit design or expected performance data. Information submitted for stability models shall be compatible with the Participating TO and ISO standard models. If there is no compatible model, the Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Interconnection Customer's data is materially different from what was originally provided to the Participating TO and the ISO for the Interconnection Studies, then the Participating TO and the ISO will conduct appropriate studies pursuant to the LGIP to determine the impact on the Participating TO's Transmission System and affected portions of the ISO Controlled Grid based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed and all other requirements of this LGIA are satisfied.

24.4 Information Supplementation. Prior to the Trial Operation date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Electric Generating Unit information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Electric Generating Unit as required by Good Utility Practice such as an open circuit "step voltage" test on the Electric Generating Unit to verify proper operation of the Electric Generating Unit's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Electric Generating Unit at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent (5 percent) change in Electric Generating Unit terminal voltage initiated by a change in the voltage regulators

reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Electric Generating Unit terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Electric Generating Unit's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Electric Generating Unit terminal or field voltages is provided. Electric Generating Unit testing shall be conducted and results provided to the Participating TO and the ISO for each individual Electric Generating Unit in a station.

Subsequent to the Commercial Operation Date, the Interconnection Customer shall provide the Participating TO and the ISO any information changes due to equipment replacement, repair, or adjustment. Participating TO shall provide the Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Participating TO-owned substation that may affect the Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information pursuant to Article 5.19.

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

- 25.1 Information Access.** Each Party (the "disclosing Party") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA. Nothing in this Article 25 shall obligate the ISO to make available to a Party any third party information in its possession or control if making such third party information available would violate an ISO Tariff restriction on the use or disclosure of such third party information.
- 25.2 Reporting of Non-Force Majeure Events.** Each Party (the "notifying Party") shall notify the other Parties when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, the Parties' audit rights shall include audits of a Party's costs pertaining to such Party's performance or satisfaction of obligations owed to the other Party under this LGIA, calculation of invoiced amounts, the ISO's efforts to allocate responsibility for the provision of reactive support to the ISO Controlled Grid, the ISO's efforts to allocate responsibility for interruption or reduction of generation on the ISO Controlled Grid, and each such Party's actions in an Emergency Condition.

25.3.1 The Interconnection Customer and the Participating TO shall each have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party's accounts and records pertaining to either such Party's performance or either such Party's satisfaction of obligations owed to the other Party under this LGIA. Subject to Article 25.3.2, any audit authorized by this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each such Party's performance and satisfaction of obligations under this LGIA. Each such Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.3.2 Notwithstanding anything to the contrary in Article 25.3, each Party's rights to audit the ISO's accounts and records shall be as set forth in Article 12 of the ISO Tariff.

25.4 Audit Rights Periods.

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

Accounts and records related to the design, engineering, procurement, and construction of Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades constructed by the Participating TO shall be subject to audit for a period of twenty-four months following the Participating TO's issuance of a final invoice in accordance with Article 12.2. Accounts and records related to the design, engineering, procurement, and construction of Participating TO's Interconnection Facilities and/or Stand Alone Network Upgrades constructed by the Interconnection Customer shall be subject to audit and verification by the Participating TO and the ISO for a period of twenty-four months following the Interconnection Customer's issuance of a final invoice in accordance with Article 5.2(8).

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to a Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months

after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought; provided that each Party's rights to audit the ISO's accounts and records shall be as set forth in Article 12 of the ISO Tariff.

25.5 Audit Results. If an audit by the Interconnection Customer or the Participating TO determines that an overpayment or an underpayment has occurred with respect to the other Party, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination. The Party that is owed payment shall render an invoice to the other Party and such invoice shall be paid pursuant to Article 12 hereof.

25.5.1 Notwithstanding anything to the contrary in Article 25.5, the Interconnection Customer's and Participating TO's rights to audit the ISO's accounts and records shall be as set forth in Article 12 of the ISO Tariff, and the ISO's process for remedying an overpayment or underpayment shall be as set forth in the ISO Tariff.

ARTICLE 26. SUBCONTRACTORS

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

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the ISO or Participating TO be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

ARTICLE 27. DISPUTES

All disputes arising out of or in connection with this LGIA whereby relief is sought by or from the ISO shall be settled in accordance with the provisions of Article 13 of the ISO Tariff, except that references to the ISO Tariff in such Article 13 of the ISO Tariff shall be read as references to this LGIA. Disputes arising out of or in connection with this LGIA not subject to provisions of Article 13 of the ISO Tariff shall be resolved as follows:

- 27.1 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.
- 27.2 External Arbitration Procedures.** Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.
- 27.3 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this

Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

- 27.4 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

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

- 28.1.1 Good Standing.** Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.
- 28.1.2 Authority.** Such Party has the right, power and authority to enter into this LGIA, to become a party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
- 28.1.3 No Conflict.** The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any

judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

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

ARTICLE 29. [RESERVED]

ARTICLE 30. MISCELLANEOUS

- 30.1 Binding Effect.** This LGIA 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.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 30.3 Rules of Interpretation.** This LGIA, 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 LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time,

“from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

30.4 Entire Agreement. This LGIA, including all Appendices and Schedules attached 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, between or among the Parties with respect to the subject matter of this LGIA. 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 LGIA.

30.5 No Third Party Beneficiaries. This LGIA 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.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer’s legal rights to obtain an interconnection from the Participating TO. Any waiver of this LGIA shall, if requested, be provided in writing.

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

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

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

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by all of the

Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. The ISO and Participating TO shall each have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles:

Recitals, 1, 2.1, 2.2, 2.3, 2.4, 2.6, 3.1, 3.3, 4.1, 4.2, 4.4, 4.5, 5 preamble, 5.4, 5.7, 5.8, 5.9, 5.12, 5.13, 5.18, 5.19.1, 7.1, 7.2, 8, 9.1, 9.2, 9.3, 9.5, 9.6, 9.7, 9.8, 9.10, 10.3, 11.4, 12.1, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24.3, 24.4, 25.1, 25.2, 25.3 (excluding subparts), 25.4.2, 26, 28, 29, 30, Appendix D, Appendix F, Appendix G, and any other Article not reserved exclusively to the Participating TO or the ISO below.

Participating TO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles:

2.5, 5.1, 5.2, 5.3, 5.5, 5.6, 5.10, 5.11, 5.14, 5.15, 5.16, 5.17, 5.19 (excluding 5.19.1), 6, 7.3, 9.4, 9.9, 10.1, 10.2, 10.4, 10.5, 11.1, 11.2, 11.3, 11.5, 12.2, 12.3, 12.4, 24.1, 24.2, 25.3.1, 25.4.1, 25.5 (excluding 25.5.1), 27 (excluding preamble), Appendix A, Appendix B, Appendix C, and Appendix E.

The ISO shall have the exclusive right to make a unilateral filing with FERC to modify this LGIA pursuant to section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to the following Articles of this LGIA and with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation covered by these Articles:

3.2, 4.3, 4.6, 11.6, 25.3.2, 25.5.1, and 27 preamble.

The Interconnection Customer, the ISO, and the Participating TO shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of

the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership among 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.

30.13 Joint and Several Obligations. Except as otherwise provided in this LGIA, the obligations of the ISO, the Participating TO, and the Interconnection Customer are several, and are neither joint nor joint and several.

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

[Insert name of Participating TO]

By: _____

Title: _____

Date:

California Independent System Operator Corporation

By: _____

Title: _____

Date:

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date:

Appendices to LGIA

Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix B Milestones

Appendix C Interconnection Details

Appendix D Security Arrangements Details

Appendix E Commercial Operation Date

Appendix F Addresses for Delivery of Notices and Billings

Appendix G Reliability Management System Agreement

Appendix H Requirements of Generators Relying on New Technologies

**Appendix A
To LGIA**

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

(a) [insert Interconnection Customer's Interconnection Facilities]:

(b) [insert Participating TO's Interconnection Facilities]:

2. Network Upgrades:

(a) [insert Stand Alone Network Upgrades]:

(b) [insert Other Network Upgrades]:

(i) [insert Participating TO's Reliability Network Upgrades]

(ii) [insert Participating TO's Delivery Network Upgrades]

3. Distribution Upgrades:

**Appendix B
To LGIA**

Milestones

Appendix C
To LGIA

Interconnection Details

Appendix D To LGIA

Security Arrangements Details

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

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

**Appendix E
To LGIA**

Commercial Operation Date

This Appendix E is a part of the LGIA.

[Date]

[ISO Address]

[Participating TO Address]

Re: _____ Electric Generating Unit

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. ____ at the Electric Generating Unit, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

**Appendix F
To LGIA**

Addresses for Delivery of Notices and Billings

Notices:.

ISO:

[To be supplied.]

Participating TO:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

ISO:

[To be supplied.]

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

ISO:

[To be supplied.]

Participating TO:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

**Appendix G
To LGIA**

Reliability Management System Agreement

**Appendix H
To LGIA**

Requirements of Generators Relying on Newer Technologies

ATTACHMENT D

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket No. ER04-445-_____

Pacific Gas and Electric Company

Docket No. ER04-435-_____

San Diego Gas and Electric Company

Docket No. ER04-441-_____

Southern California Edison Company

Docket No. ER04-443-_____

NOTICE OF FILING

(_____)

Take notice that on April 26, 2004, California Independent System Operator Corporation (ISO), Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE) (collectively the "Filing Parties") pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Commission Regulations, jointly submitted for filing a revised Standard Large Generator Interconnection Agreement in compliance with Order No. 2003-A. The Standard Large Generator Interconnection Agreement is intended to function as a stand alone *pro forma* agreement and is not intended to be incorporated into the tariffs of any of the Filing Parties. Pursuant to the January 8 Order the revised Standard Large Generator Interconnection Procedures and Agreements will be effective upon approval by the Commission.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the **eLibrary** (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically

via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

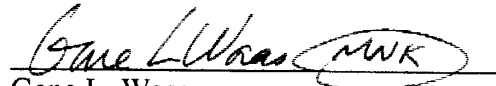
Comment Date:

ATTACHMENT E

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this document upon all the parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, this 26th day of April 2004.


Gene L. Waas