

**AMENDMENT NO. 1
TO THE
METER SERVICE AGREEMENT FOR ISO METERED ENTITIES**

THIS AMENDMENT is dated this ___ day of April, 1998 and is entered into, by and between:

(1) Texaco Exploration and Production Inc., a Delaware Corporation
("Texaco");

and

(2) California Independent System Operator Corporation, a California nonprofit public benefit Corporation having a principal executive office located at such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

Texaco and the ISO are hereinafter referred to as the "Amending Parties."

Whereas:

- A. The Amending Parties entered into that certain Meter Service Agreement for ISO Metered Entities (the "Principal Agreement").
- B. By orders issued on December 17, 1997, and March 12, 1998, the Federal Energy Regulatory Commission required that the Meter Service Agreement for ISO Metered Entities be amended.

NOW THEREFORE, THE AMENDING PARTIES AGREE as follows:

- 1) **Effective Date.** This Amendment shall be effective as of the effective date of the Principal Agreement and shall remain in full force and effect until the termination of the Principal Agreement.
- 2) **Amendment to the Principal Agreement.** The Principal Agreement shall be amended as set out below:
 - a) **Recital C** is amended to read as follows:

C. The Parties are entering into this Agreement in order to establish the terms and conditions upon which the ISO and the

ISO Metered Entity shall discharge their respective duties and responsibilities pursuant to this Agreement and the ISO Tariff.

b) Recital D is amended to read as follows:

D. All obligations and responsibilities included in this Agreement may be set forth in further detail in the Metering Protocol of the ISO Tariff.

c) Section 1.1 is amended to read as follows:

1.1 Master Definitions Supplement. All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

d) Section 1.2 is amended to read as follows:

1.2 Special Definitions for this Agreement. In this Agreement, the following words and expressions shall have the meanings set forth below:

“Authorized Users” means users authorized by the ISO Metered Entity to access the Meter Data of that ISO Metered Entity held by the ISO.

“ISO Authorized Inspector” has the meaning as defined in the Metering Protocol of the ISO Tariff.

“ISO Metered Entity” means:

- (a) any one of the following entities that is directly connected to the ISO Controlled Grid:
 - i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and

- (b) any one of the following entities:
 - i. a Participating Generator; or
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas.

“Metering Protocol” means the Protocol of the ISO Tariff on the subject of revenue quality metering which sets forth requirements and procedures that ISO Metered Entities, among others, shall meet and follow in order to comply with their obligations under Section 10 and Appendix J of the ISO Tariff.

“MDAS” means the ISO revenue metering data acquisition and processing system.

“Metering Facilities” means revenue quality meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication facilities and other related local equipment.

“SC” means Scheduling Coordinator.

- e) Section 1.3 (a) is amended to read as follows:
 - (a) if there is any inconsistency between this Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- f) Section 1.3 (I) is amended to read as follows:
 - (I) references to the Metering Protocol of the ISO Tariff and other ISO Documents shall be interpreted in accordance with any exceptions or exemptions to such as may have been granted by the ISO.
- g) Section 2.2.1 is amended to read as follows:
 - 2.2.1 Termination by ISO. Subject to Section 4.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO Metered Entity commits any default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given it written notice of the default,

unless excused by reason of Uncontrollable Force in accordance with Section 15 of the ISO Tariff. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

h) Section 2.2.2 is amended to read as follows:

2.2.2 Termination by ISO Metered Entity. In the event that the ISO Metered Entity wishes to terminate this Agreement, the ISO Metered Entity shall give the ISO ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC. This Agreement shall terminate upon acceptance by FERC of such a notice of termination.

i) Section 3.1 is amended to read as follows:

3.1 Agreement Subject to ISO Tariff. This Agreement shall be subject to the provisions of the ISO Tariff which shall be deemed to be incorporated herein, as the same may be changed or superseded from time to time. The Parties agree that they will comply with the provisions of Section 10 of the ISO Tariff and the Metering Protocol of the ISO Tariff.

j) Section 3.2.1 is amended to read as follows:

3.2.1 Submission of Meter Data through MDAS. The ISO Metered Entity agrees to make available to the ISO through MDAS its Settlement Quality Meter Data in accordance with the ISO Tariff. The ISO's requirements regarding the frequency with which it requires Meter Data to be made available to it through MDAS by the ISO Metered Entity are referred to in the Metering Protocol of the ISO Tariff.

k) Section 3.2.3 is amended to read as follows:

3.2.3 Transformer and/or Line Loss Correction Factors. If the ISO Metered Entity uses low voltage side metering, it shall use the ISO approved transformer and/or line loss correction factor referred to in the Metering Protocol of the ISO Tariff.

D) Section 3.2.4 is amended to read as follows:

3.2.4 Rights to Access Metering Facilities. The ISO Metered Entity shall procure any rights necessary for the ISO to access all Metering Facilities of the ISO Metered Entity to fulfill its obligations under the ISO Tariff and its obligations under this Agreement.

m) Section 3.2.5 is amended to read as follows:

3.2.5 Security and Validation Procedures. The security measures and the validation, editing and estimation procedures that the ISO will apply to Meter Data made available to the ISO by the ISO Metered Entity shall be as referred to in the Metering Protocol of the ISO Tariff.

n) Section 3.3.1 is amended to read as follows:

3.3.1 Direct Polling of MDAS. The ISO shall allow the SC representing the ISO Metered Entity and all Authorized Users to directly poll MDAS for the Meter Data relating to the ISO Metered Entity in accordance with the procedures referred to in the Metering Protocol of the ISO Tariff.

o) Section 3.3.2 is amended to read as follows:

3.3.2 ISO as Third-Party Beneficiary. The ISO shall be a third-party beneficiary to any agreement between the ISO Metered Entity and any other party relating to the Metering Facilities of the ISO Metered Entity for the purpose of granting the ISO access to any relevant information, records and facilities as needed by the ISO to fulfill its obligations under the ISO Tariff and its obligations under this Agreement.

p) Section 3.4 is amended to read as follows:

3.4 Exemptions Granted by the ISO. The ISO shall consider requests for and shall have the authority to grant the ISO Metered Entity exemptions from certain provisions the ISO Tariff. Any exemptions granted by the ISO shall be granted in accordance with the procedures and guidelines set forth in the Metering Protocol of the ISO Tariff and such exemptions shall be set forth in Schedule 2 of this Agreement. If the ISO Metered Entity has been granted an exemption from metering standards referred to

in the ISO Tariff, it shall provide site specific Settlement Quality Meter Data to the ISO in accordance with the exemption granted by the ISO and the ISO Tariff.

q) Section 4.2 is amended to read as follows:

4.2 Corrective Measures. If the ISO Metered Entity fails to meet or maintain the standards for Metering Facilities or comply with the audit or test procedures as referred to in the ISO Tariff, the ISO shall be permitted to take corrective measures. The corrective measures and rights the ISO may exercise upon any failure by any entity to meet those standards for Metering Facilities or to comply with the audit or test procedures shall be set forth in Schedule 4 Part B.

IN WITNESS WHEREOF, the Amending Parties have caused this Amendment No. 1 to be duly executed by and through their respective authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Texaco Exploration and Production Inc.

By: _____

Name: _____

Title: _____