

March 14, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Filing of Service Agreement No. 2994
Docket No. ER14-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation submits for Commission filing and acceptance a Dynamic Transfer Balancing Authority Operating Agreement (“Dynamic Transfer Agreement”) between the ISO and the Imperial Irrigation District (“IID”).¹ The ISO submits the instant filing to commence dynamic transfers between the ISO and IID consistent with the dynamic transfer provisions of the ISO tariff.² The ISO proposes that the Dynamic Transfer Agreement be made effective on May 15, 2014.

I. Purpose of the Dynamic Transfer Agreement

The Dynamic Transfer Agreement addresses both dynamically scheduled resources and pseudo-tie resources, collectively referred to as dynamic transfers. Both forms of dynamic transfer are made available either to or from the ISO and IID balancing authority areas. At this time there will be one dynamic schedule from IID into the ISO balancing authority area with respect to the Southern California Edison Company’s entitlements to resources in IID’s balancing authority area and two pseudo-tie renewable resources that are scheduled for commercial operation later this year.³

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO tariff. The ISO submits the Dynamic Transfer Balancing Authority Operating Agreement pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012).

² The dynamic transfer provisions of the ISO tariff were accepted by Commission order dated September 30, 2011. (See 136 FERC ¶ 61,239.)

³ Separate agreements with the resource and the resource’s scheduling coordinator are also required (see, e.g., ISO Tariff Section 4.5.4.3.1).

The Dynamic Transfer Agreement is consistent with the requirements of the ISO tariff and has been agreed to by IID.⁴ In the Dynamic Transfer Agreement, the ISO and IID have built upon a similar form of agreement between the ISO and other balancing authorities to provide for both dynamically scheduled resources and pseudo-tie resources, consistent with the dynamic transfer provisions of the ISO tariff.⁵ Specifically:

- Section 1 provides for the effective date and termination;
- Section 2 includes definitions referenced in the agreement;
- Section 3 describes the purpose of the agreement;
- Section 4 outlines the requirements for dynamic scheduling;
- Section 5 outlines the requirements for pseudo-ties;
- Section 6 establishes limitations on the parties' liability;
- Section 7 covers miscellaneous provisions of the agreement;
- Schedule 1 identifies dynamic scheduled resources;
- Schedule 2 identifies pseudo-tie resources; and
- Schedule 3 contains notice provisions.

II. Effective Date

The ISO requests that the Dynamic Transfer Agreement be made effective on May 15, 2014.

III. Service

The ISO has served copies of this filing upon IID, Southern California Edison Company, the California Public Utilities Commission, and the California Energy Commission. In addition, the ISO has posted the filing on the ISO website.

Enclosed for filing is each of the following:

- (1) This letter of transmittal; and
- (2) Dynamic Transfer Balancing Authority Operating Agreement (Attachment A).

⁴ See CAISO Tariff, Appendix M, Sections 1.2.1 and 2.2.1 (requiring a balancing authority area operating agreement for dynamic scheduling); CAISO Tariff, Appendix N, Sections 1.3.1 and 2.3.1 (requiring a balancing authority operating agreement for pseudo-ties).

⁵ See, e.g., Letter Orders dated June 14, 2012 in Docket No. ER12-1636-000, February 21, 2013 in Docket No. ER13-711-000, and January 24, 2014 in Docket No. ER14-569-000 (accepting similar dynamic transfer agreements as filed by the ISO).

IV. Correspondence

The ISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

John C. Anders*
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
E-mail: janders@caiso.com

* Individual designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 203(b)(3).

V. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the ISO's submittal of this Dynamic Transfers Agreement, Service Agreement No. 2994, to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

By: /s/ John C. Anders

Roger E. Collanton
General Counsel
Sidney M. Davies
Assistant General Counsel
John C. Anders
Lead Counsel
California Independent System
Operator Corporation
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Attorneys for the California Independent
System Operator Corporation

Attachment A – Dynamic Transfer Balancing Authority Operating Agreement

California Independent System Operator Corporation

March 14, 2014

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

IMPERIAL IRRIGATION DISTRICT

**DYNAMIC TRANSFER BALANCING
AUTHORITY OPERATING AGREEMENT**

DYNAMIC TRANSFER BALANCING AUTHORITY OPERATING AGREEMENT

THIS DYNAMIC TRANSFER BALANCING AUTHORITY OPERATING AGREEMENT (“AGREEMENT”) is established this _____ day of _____, _____, and is accepted by and between:

Imperial Irrigation District (“IID”), an irrigation district organized and operated under the water code of the State of California having a principal executive office at such place as the Imperial Irrigation District Board of Directors may from time to time designate, currently 333 E. Barioni Boulevard, Imperial, California 92251
and

California Independent System Operator Corporation (“CAISO”), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, currently 250 Outcropping Way, Folsom, California 95630.

The IID and the CAISO are hereinafter referred to as the “Parties”.

Whereas:

- A.** The Parties named above operate Balancing Authority Areas.
- B.** The CAISO has determined that the pilot Pseudo-Tie program successfully demonstrated the dynamic transfer of generating resources between adjacent Balancing Authority Areas and that this Agreement, and the associated CAISO Tariff revisions and additions, implement the features of the pilot pseudo-tie program.
- C.** The Parties wish to coordinate operation of dynamic transfers to satisfy North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) reliability standards and criteria and Good Utility Practice.

- D. The Parties desire to implement an agreement to facilitate dynamic transfers from resources in their respective Balancing Authority Area.
- E. The Parties wish to enter into this Agreement to establish the terms and conditions for the operation of the dynamic transfer functionality to include Dynamic Schedules and Pseudo-Tie arrangements between the Parties' Balancing Authority Areas.
- F. The Parties have certain statutory obligations under either federal or California law to maintain power system reliability.
- G. Initially, the Parties contemplate that dynamic transfers will be made from IID's Balancing Authority Area to the CAISO's Balancing Authority Area and, accordingly, this Agreement is modeled upon protocols and standards contained in the CAISO Tariff.
- H. The Parties acknowledge that if, in the future, dynamic transfers are made from the CAISO's Balancing Authority Area to IID's Balancing Authority Area and IID amends IID's Tariff to adopt protocols for such transfers, amendments also may be necessary to this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

1. Term and Termination

1.1 Effective Date

This Agreement shall be effective as of the date set forth above, unless the CAISO files this Agreement with the Federal Energy Regulatory Commission ("FERC") and it is either rejected by FERC or is accepted for filing and made effective by FERC with a material modification or condition that is unacceptable to IID. IID shall communicate its consent or lack of consent to any such material modification or condition in writing to the CAISO no later than seven (7) business days after the date of the FERC order that imposes the material modification or condition. The failure of IID to provide written notice to the CAISO in accordance with the foregoing sentence shall constitute acceptance by IID of the material modification or condition; provided, however, that the Parties may, in the sole discretion of each Party, attempt to modify this Agreement in a manner that would resolve the grounds for which approval by FERC was denied or for which

an unacceptable material condition or modification was imposed. Once effective, the Agreement shall continue in effect until terminated.

1.2 Termination

(a) This Agreement may be terminated by either Party upon two (2) years written notice to the other Party or upon mutual consent of both Parties.

(b) This Agreement may be terminated by IID upon six (6) months notice if there are changes made to the CAISO Tariff that materially affect this Agreement which are unacceptable to IID and after the Parties are unable to reach agreement on changes to this Agreement which restore the mutual benefits and obligations contemplated by this Agreement.

(c) Either Party may terminate this Agreement if the other Party defaults on its material obligations in this Agreement; provided that the Party seeking to terminate this Agreement first provides notice of the alleged breach and the other Party is allowed a reasonable opportunity to cure that breach within sixty (60) days thereafter.

(d) For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination, if this Agreement has been filed with FERC, or two (2) years after the date of the notice of termination by a Party, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. The CAISO shall timely file any required notice of termination with FERC. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination with FERC within sixty (60) days after issuance of the notice of termination by a Party; or (2) the CAISO files the notice of termination with FERC in accordance with the requirements of FERC Order No. 2001.

2. Definitions

2.1 NERC/WECC Definitions

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the NERC Glossary of Terms Used in NERC Reliability Standards and the WECC Glossary of WECC Terms and Acronyms.

2.2 Specific Definitions

- 2.2.1 Attaining Balancing Authority Area:** The Balancing Authority Area where the output of a Pseudo-Tie generating unit is fully included for purposes of calculation of Area Control Error and meeting Balancing Authority Area load responsibilities.
- 2.2.2 CAISO Dynamic Transfer Protocols:** The CAISO's Dynamic Transfer Protocols, which are set forth in Appendix M (Dynamic Scheduling Protocol) and Appendix N (Pseudo-Tie Protocol) of the CAISO Tariff.
- 2.2.3 CAISO Tariff:** CAISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.
- 2.2.4 Good Utility Practice:** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WECC region 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.
- 2.2.5 Host Balancing Authority Area:** The Balancing Authority Area in which a System Resource is connected to the electric grid. The Host Balancing Authority Area may, or may not, be directly interconnected with the CAISO Balancing Authority Area.
- 2.2.6 Native Balancing Authority Area:** The Balancing Authority Area where a Pseudo-Tie generating unit is physically interconnected to the electric grid.
- 2.2.7 Point of Contact:** A person or entity having the authority to receive and act upon scheduling or dispatch communications from the other Balancing Authority and available through a communications device mutually agreed upon on a 24-hour, 7-day basis.
- 2.2.8 Scheduling Coordinator:** An entity certified by the CAISO for the purposes of undertaking the functions of: submitting bids or schedules for

energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the CAISO's charges; and ensuring compliance with CAISO protocols. For avoidance of ambiguity, IID is not the Scheduling Coordinator for any of the System Resources or Pseudo-Tie generating units listed in Schedule 1 or Schedule 2 to this Agreement and the CAISO shall assess no charges on IID for dynamic transfers on behalf of such System Resources or Pseudo-Tie generating units from IID's Balancing Authority Area to the CAISO's Balancing Authority Area under this Agreement.

2.2.9 System Resource: "System Resource" is defined in the CAISO Tariff and, in the context of this Agreement, may include combinations of resources as described in the CAISO Dynamic Transfer Protocols.

3. General

3.1 Purpose

This Agreement sets forth the requirements that must be satisfied by the Parties to support Scheduling Coordinators' and generating unit owners' requests for implementation of dynamic transfer functionality and delivery of energy and energy associated with ancillary services to the respective Balancing Authority Area. The requirements encompass technical (energy management system ("EMS"), automatic generation control ("AGC"), and communications), interchange scheduling, telemetry, and aspects of Balancing Authority Area operations.

3.2 NERC/WECC Operating Standards Observed

Nothing in this Agreement is intended to change, supersede, or alter either Party's obligations to abide by NERC and WECC reliability standards and policies and WECC criteria.

3.3 Applicable Standards

This Agreement incorporates, by reference, the CAISO Dynamic Transfer Protocols and Standards for Imports of Regulation. Where there is an inconsistency between the CAISO's Dynamic Transfer Protocols and Standards for Imports of Regulation and this Agreement, this Agreement will prevail to the extent of the inconsistency.

3.4 Communication

The Parties shall each operate and maintain a 24-hour, 7-day control center with real-time scheduling and control functions. Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to commit and bind that Party. The Parties shall jointly develop communication procedures necessary to support scheduling and dispatch functions relative to dynamic transfers. The Parties agree to exchange operational contact information in a format to be provided by the CAISO and completed as of the effective date of this Agreement. Each Party shall provide the other Party ten (10) calendar days advance notice of updates to its operational contact information for known changes, and as soon as practical, for unplanned changes.

4. Dynamic Schedules of Imports and Exports

Should the Parties elect to support a Scheduling Coordinators' request to implement dynamic scheduling functionality, all applicable operating, technical and business requirements set forth in Appendix M of the CAISO Tariff shall be satisfied, including but not limited to the following:

4.1 Telecommunications Requirements

The Parties shall establish and maintain real-time, redundant, diversely routed, communications links between the CAISO EMS and the IID EMS, with the primary link utilizing the standard inter-control center communications protocol ("ICCP") in accordance with the Applicable Standards for the for the dynamically scheduled resources listed in Schedule 1.

4.2 Telemetry

For each operating hour for which a dynamically scheduled resource is delivering energy, and/or energy associated with ancillary services to the receiving Balancing Authority Area, the Host Balancing Authority shall provide, via the ICCP communication links to the receiving Balancing Authority EMS, the data for each dynamically scheduled resource, as set forth in the Applicable Standards.

4.3 Interchange Scheduling Requirements

4.3.1 Dynamic Schedules

The Parties shall coordinate the arrangements for dynamic interchange schedules for the delivery of energy to the respective Balancing Authority Area reflecting the dynamically scheduled resource's instantaneous energy production or allocation level and taking into account available transmission capacity and, in the case of IID, the impact of dynamic interchange schedules on transmission owner(s) and transmission operator(s) within the IID Balancing Authority Area.

4.3.2 Treatment of Area Control Error (“ACE”)

For Dynamic Scheduling, the Host Balancing Authority shall instantaneously compensate its AGC for the dynamically scheduled resource's energy output that is generated or allocated for establishing the dynamic schedule to the receiving Balancing Authority such that the dynamically scheduled resource energy production or allocation changes have an equal in magnitude and opposite in sign effect on the Host Balancing Authority's ACE.

4.3.3 Integration of Dynamic Schedules

For each operating hour during which energy was dynamically scheduled for delivery to the receiving Balancing Authority Area, the Host Balancing Authority shall compute an integrated amount of interchange based on the dynamically scheduled resource's integrated energy production, by integrating the instantaneous dynamically scheduled resource production levels. Such integrated MWH value shall be agreed to hourly by the real-time schedulers for each Party. To the extent the Parties cannot mutually agree on the integrated MWH value, such dispute shall be resolved in accordance with the applicable North American Electric Reliability Corporation (“NERC”) reliability standard and Western Electricity Coordinating Council (“WECC”) guideline.

4.3.4 Regulation Obligation

The Balancing Authority Area receiving the dynamic schedule shall be responsible for regulation obligation for the portion of the resource's output that is dynamically scheduled and the Host Balancing Authority shall be

responsible for regulation obligation for the portion of the dynamically scheduled resource's output not dynamically scheduled into the receiving Balancing Authority Area in accordance with WECC and NERC reliability standards.

4.3.5 Access to Information

The Parties agree to exchange information related to telemetry sent and received with respect to the delivery of energy (i) at the request of the other Party for purposes of after-the-fact interchange accounting or (ii) on reasonable demand for any other purpose where necessary to implement or enforce this Agreement.

4.3.6. Other Balancing Authority Responsibilities

4.3.6.1 Operational Jurisdiction

The Host Balancing Authority will have, at a minimum, the level of operational jurisdiction over the dynamically scheduled resource and the associated dynamic schedule that NERC and WECC vest in Host Balancing Authorities. Such level of operational jurisdiction shall not exceed that necessary to meet applicable reliability standards.

4.3.6.2 E-Tagging

The Parties must support associated e-tagging as described in the CAISO Dynamic Transfer Protocols and deemed to be consistent with NERC and/or WECC requirements.

4.3.6.3 Real-Time Adjustments

The Host Balancing Authority Area for a dynamically transferred resource must have a means to manually override and/or otherwise adjust the dynamic signal for a dynamic schedule in real-time, if needed.

4.3.6.4 Coordination with Other Balancing Authorities

The Balancing Authority Area hosting a dynamic resource must provide in real-time the instantaneous value of each dynamic schedule to every intermediary Balancing Authority Area through whose systems such

dynamic schedule may be implemented to the receiving Balancing Authority.

4.3.6.5 Intertie Associated with Dynamic Schedule

Section 1.4.3 of the CAISO Dynamic Scheduling Protocol, set forth in Appendix M to the CAISO Tariff, authorizes the CAISO to allow for a change in a pre-established association of a dynamically scheduled System Resource with a particular CAISO Intertie. CAISO shall allow for such a change when: (1) the delivery point on IID's transmission system is re-directed in accordance with IID's Open Access Transmission Tariff and there is a planned outage necessitating the change in the CAISO Intertie for which at least thirty (30) days advance written notice has been provided to the CAISO; or (2) the Parties otherwise agree.

4.4 Other

4.4.1 Losses

A Party shall not be responsible for transmission losses caused by transmitting energy dynamically within or across the other Party's Balancing Authority Area.

4.4.2 Certification

Only CAISO-certified System Resource/Host Balancing Authority arrangements will be allowed to bid or self provide ancillary services in the CAISO's ancillary services market through a CAISO-certified Scheduling Coordinator.

4.4.3 No Guarantee of Award

Certification of a System Resource/Host Balancing Authority arrangement allows for bidding of energy and/or certain ancillary services into the CAISO market; it does not, however, guarantee selection of such bid.

4.4.4 Performance Assessment

The CAISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the CAISO Dynamic Scheduling Protocol.

4.4.5 Description of System Resources

Each dynamically scheduled System Resource permitted pursuant to this Agreement is described in Schedule 1.

4.4.6 Notifications

The Parties shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Balancing Authority Areas regarding schedule changes in emergency or curtailment conditions.

5. Pseudo-Ties

Should the Parties elect to support a Pseudo-Tie generator's request to implement a Pseudo-Tie arrangement, the Parties shall comply with the applicable provisions of the Pseudo-Tie Protocol in Appendix N of the CAISO Tariff, including but not limited to the following:

- 5.1** Operation of Pseudo-Tie functionalities must comply with all applicable NERC and WECC reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a "Point Of Delivery" (POD) on the North American Energy Standards Board ("NAESB") Electric Industry Registry ("EIR"). All (off-system) static scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.
- 5.2** The Parties will establish the terms of any Pseudo-Tie between the two Balancing Authority Areas, will specify the location of that Pseudo-Tie point, and will register that location as a POD to the Attaining Balancing Authority Area.
- 5.3** All Energy transfers associated with a Pseudo-Tie generating unit must be electronically tagged (E-tagged).
- 5.4** Unless a particular service is procured by the Pseudo-Tie generator from some other source, the Attaining Balancing Authority shall provide to a Pseudo-Tie generating unit all Balancing Authority services available to other generating units in the Attaining Balancing Authority Area, which may include the auxiliary load equipment needs of the Pseudo-Tie

- generating unit, provided firm transmission service is reserved across the transmission path from the CAISO Intertie to the Pseudo-Tie generating unit. Any such firm transmission service and associated ancillary services on IID's transmission system shall be obtained and paid for, by the Pseudo-Tie generator or its off-taker in accordance with IID's Open Access Transmission Tariff.
- 5.5** The Parties, in conjunction with the affected Participating Transmission Owner, or, in the case of IID, affected transmission owner(s) and transmission operator(s) within the IID Balancing Authority Area and the owner of the Pseudo-Tie generating unit will develop a coordinated operating procedure outlining the agreed upon framework among all parties for the operation of a Pseudo-Tie of the generating unit out of the CAISO Balancing Authority Area, and to facilitate the continued delivery of Energy and Ancillary Services from a Pseudo-Tie generating unit into the CAISO Balancing Authority Area to the desired delivery points in the event the primary contract path is unavailable or curtailed. The availability of alternate delivery points on the IID system is at the sole discretion of IID and is contingent upon the generator or its off-taker obtaining such alternative delivery service and paying IID for such service in accordance with IID's Open Access Transmission Tariff.
- 5.6** All applicable communication and telemetry requirements of the WECC, the CAISO, and a Pseudo-Tie generating unit's Native Balancing Authority Area regarding generating units and inter-Balancing Authority Area Interties must be satisfied. These requirements include the requirements of Appendix M applicable to Dynamic Schedules of imports, the requirements of the CAISO Tariff applicable to generating units in the CAISO Balancing Authority Area, and the IID Open Access Transmission Tariff.
- 5.7** Proper incorporation of the dynamic signal into all involved Balancing Authority Areas' ACE equations will be required.
- 5.8** Should there be any need or requirement, whether operational or procedural, for the CAISO, IID, the Balancing Authority for the Attaining Balancing Authority Area or the Native Balancing Authority Area to make real-time adjustments to the CAISO's inter-Balancing Authority Area schedules at the pre-existing CAISO/IID Intertie associated with the Pseudo-Tie generating unit (including curtailments), the dynamic transfer

from the Pseudo-Tie generating unit shall be treated in the same manner as any CAISO Interchange Schedule at that pre-existing CAISO Intertie, and in accordance with any applicable operating instructions from any affected Participating Transmission Owner.

- 5.9** Each Pseudo-Tie generating unit permitted pursuant to this Agreement is described in Schedule 2.

6. Liability

6.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Balancing Authority which could not be avoided through the exercise of Good Utility Practice.

Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither Party will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Balancing Authority.

In the event of the occurrence of an Uncontrollable Force, which prevents either Party from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The Parties shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

6.2 Liability To Third Parties

Nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or any liability or obligation, contractual or otherwise, on the part of the CAISO or the IID.

6.2.1 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein. Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or consequential, arising from the Party's performance or nonperformance under this Agreement, except for a Party's gross negligence, or willful misconduct.

7. Miscellaneous

7.1 Assignments

Either Party to this Agreement may assign its obligations under this Agreement, with the other Party's prior written consent. Such consent shall not be unreasonably withheld.

Obligations and liabilities under this Agreement shall be binding on the successors and assigns of the Parties. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

7.2 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3 and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. A Party must update the information in Schedule 3 relating to its address as that information changes. Such changes shall not constitute an amendment to this Agreement.

7.3 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in

connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.

7.4 Governing Law and Forum

This Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or challenge in any manner, whether this Agreement, or any action or proceeding arising under or relating to this Agreement, is subject to the jurisdiction of FERC.

7.5 Severability

Except as otherwise provided in Section 1, if any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any Party, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

7.6 Section Headings

Section headings provided in this Agreement are for ease of reading and are not meant to interpret the text in each Section.

7.7 Administrative Updating of Schedules

With the mutual consent of both Parties, not to be unreasonably withheld, the Parties shall have the right to add a new Pseudo-Tie generating unit or System Resource to Schedule 1 or 2 or to reflect administrative updates to Schedule 1 or 2, such as updates to the ownership, name, site address, or MW size of a Pseudo-Tie generating unit or System Resource or the transmission capacity reservation amount listed in Schedule 1 or 2. Such updates, in accordance with the rights provided in this Agreement, shall not be interpreted by the Parties to be an amendment to this Agreement.

7.8 Removal of Pseudo-Tie Generating Unit or System Resource from Schedules

Each Party shall have the right to suspend a Pseudo-Tie generating unit or System Resource listed in Schedule 1 or 2 to this Agreement if that Pseudo-Tie generating unit or System Resource defaulted on its obligations owed to the Party following a reasonable opportunity to cure, as provided in the respective Tariff of that Party.

7.9 Amendments

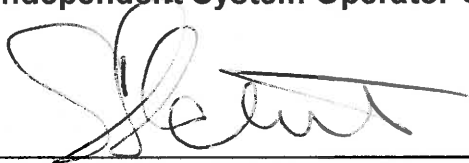
This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing for any reason other than described in Section 7.7. Amendments that are subject to FERC approval shall not take effect until FERC has accepted such amendments for filing and has made them effective. Nothing contained herein shall be construed as affecting in any way the right of the Parties to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 or 206 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

7.10 Counterparts

This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

California Independent System Operator Corporation

By:  _____

Name: Eric J. Schmitt
Vice President, Operations

Title: _____

Date: 1-29-14

Imperial Irrigation District

By: _____

Name: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Imperial Irrigation District

By: *Carl Stills*

Name: *CARL STILLS*

Title: *ENERGY MANAGER*

Date: *1/24/14*

SCHEDULE 1

DESCRIPTION OF DYNAMIC SCHEDULING RESOURCES

[Section 4.4.5]

System Resource ID: RAMON_2_SCEDYN to be dynamically scheduled into the CAISO Balancing Authority Area at Mirage intertie:

1 Biomass and 13 Geothermal Resource

TSIN POR	IID Identifier	SCE Identifier and unit capacity	Reserved Transmission Capacity ¹	Site address
SS4	SS4	Salton Sea Power Generation Co #4 – 60.5 MW	44.6 MW	6922 Crummer RD Calipatria, CA
DESPWR	Desert Power	Salton Sea Power Generation Co #3 – 59.4 MW	50 MW	6922 Crummer RD Calipatria, CA
EE2	EE2	Salton Sea Power Generation Co #2 – 22.0 MW	20 MW	Lack RD & Lindsey RD Calipatria, CA
EE1	EE1	Salton Sea Power Generation Co #1 – 15.4 MW	10 MW	6975 Lack RD Calipatria, CA
VUL	Vulcan	Vulcan/Bn Geothermal Power Co – 46.2 MW	38 MW	7001 Gentry RD Calipatria, CA
ELM	Elmore	Elmore Company – 58.8 MW	42 MW	786 W Sinclair RD Calipatria, CA
LEATH	Leathers	CE Leathers Company – 58.8 MW	42 MW	SinclairRD / Brandt RD Calipatria, CA
DRANCH	Del Ranch	Del Ranch Company (Niland #2) – 58.8 MW	42 MW	7029 Gentry Rd Calipatria, CA
HGC	HGC	Heber Geothermal Company – 57.2 MW	46 MW	895 Pitzer RD Heber, CA
SIG	SIG	Second Imperial Geothermal Co. – 52.8 MW	36 MW	947 Dogwood RD Heber, CA
BRAW1	North Brawley	ORNI 18, LLC – 30.0 MW	30 MW	4982 Hovley RD Brawley, CA
GOULD1	Gould 1	Gould 1 – 8 MW	8 MW	895 Pitzer RD Heber, CA
ORM1	Ormesa	Ormesa Geothermal I, 2, 3 – 63.8 MW	63 MW	3300 E Evan Hewes Hwy Holtville, CA

¹ This value is derived from firm transmission service agreements with IID. A System Resource cannot dynamically transfer its output in an amount that exceeds the amount of firm transmission capacity reserved on IID's transmission system to transmit such output to the CAISO Intertie.

SCHEDULE 1 (cont.)

System Resource ID	RAMON_2_SCEDYN
System Resource Scheduling Limit at the Associated CAISO Intertie ²	471.6 MW
Associated CAISO Intertie	Intertie: Mirage, Intertie ID: MIR2
Host Balancing Authority Area	Imperial Irrigation District (IID)
Intermediary Balancing Authority Area	Not Applicable

² Unless a smaller limitation applies based upon the amount of transmission capacity reserved on IID's transmission system to transmit the output of the System Resource to the CAISO Intertie, this value represents the maximum amount of power that can be dynamically scheduled by the System Resource into the CAISO Balancing Authority Area, and is subject to limitation by congestion on the scheduling path or system emergencies that could reduce or eliminate the ability to schedule and transfer power from time-to-time.

SCHEDULE 2

**PSEUDO-TIE GENERATING UNIT, PSEUDO-TIE Technical Information
NATIVE and ATTAINING BALANCING AUTHORITY AREA Information**

[Section 5.9]

A. Pseudo-Tie Into CAISO Balancing Authority Area [Anticipated]

Pseudo-Tie Location	<p>Registered TNAME: SEVILLE92</p> <p>Location: Seville Substation 92 kV (Pseudo Tie Generating Unit) within IID interconnecting via gen-tie to IID Anza Substation)</p> <p>Geographic Coordinates: 33°06'29.48" N, 116°00'17.36" W</p>
Pseudo-Tie Generating Unit ³	<p>Generator Name: Seville Solar Farm (PV Solar)</p> <p>Capacity: 20 MW</p> <p>Pmax⁴: 20 MW</p> <p>Resource ID: SEVILLE_6_SOLAR (Pseudo-Tie generating unit) within IID)</p>
Attaining Balancing Authority Area	CAISO Balancing Authority Area
Native Balancing Authority Area	IID Balancing Authority Area
Intertie	IVLY2 (Imperial Valley 230)
Reserved Transmission Capacity ⁵	To be determined

³ Capacity and Pmax values represent the current Pseudo-Tie generating unit's on-line phases. Capacity and Pmax values will be revised as future phases are implemented up to the total capacity of 135 MWs.

⁴ Unless a smaller limitation applies based upon the amount of transmission capacity reserved on IID's transmission system to transmit the output of the System Resource to the CAISO Intertie, this value is the unity power factor and represents the maximum amount of power that can be scheduled by the Pseudo-Tie generating unit or into the CAISO Balancing Authority Area, and is subject to limitation pursuant to existing contracts regarding transmission service rights on the scheduling path due to System Emergencies, or to provide necessary voltage support, which could temporarily reduce the ability to generate and transfer power to amounts less than Pmax.

⁵ This value is derived from firm transmission service agreements with IID. A Pseudo-Tie generating unit cannot dynamically transfer its output in an amount that exceeds the amount of firm transmission capacity reserved on IID's transmission system to transmit such output to the CAISO Intertie.

SCHEDULE 2 (cont.)

<p>Pseudo-Tie Location</p>	<p>Registered TNAME: Sinclair_Solar</p> <p>Location: 6703 Blair Road, Calipatria , CA 92233, The northeast quarter section of Section 10, Township 12 South, Range 14 East, San Bernardino Base and Meridian, in an unincorporated area of the County of Imperial, State of California, according to the official government plat thereof.</p> <p>(Pseudo-Tie generating unit)</p> <p>Geographic Coordinates: 33°08'36.67 N 115° 29'51.73 W</p>
<p>Pseudo-Tie Generating Unit</p>	<p>Generator Name: Sinclair Solar Farms</p> <p>Capacity: 19.99 MW</p> <p>Pmax⁶: 19.99 MW</p> <p>Resource ID: To be determined</p> <p>(Pseudo-Tie generating unit) within IID)</p>
<p>Attaining Balancing Authority Area</p>	<p>CAISO Balancing Authority Area</p>

⁶ Unless a smaller limitation applies based upon the amount of transmission capacity reserved on IID's transmission system to transmit the output of the Pseudo-Tie generating unit to the CAISO Intertie, this value is the unity power factor and represents the maximum amount of power that can be scheduled by the Pseudo-Tie generating unit into the CAISO Balancing Authority Area, and is subject to limitation pursuant to existing contracts regarding transmission service rights on the scheduling path due to System Emergencies, or to provide necessary voltage support, which could temporarily reduce the ability to generate and transfer power to amounts less than Pmax.

SCHEDULE 2 (cont.)

Native Balancing Authority Area	IID Balancing Authority Area
Intertie	IVLY2 (Imperial Valley 230)
Reserved Transmission Capacity ⁷	To be determined

Pseudo-Tie Out of the CAISO Balancing Authority Area

There are no Pseudo-Ties out of the CAISO Balancing Authority Area at this time.

⁷ This value is derived from firm transmission service agreements with IID. A Pseudo-Tie generating unit cannot dynamically transfer its output in an amount that exceeds the amount of firm transmission capacity reserved on IID's transmission system to transmit such output to the CAISO Intertie.

SCHEDULE 3**NOTICES****[Section 7.2]****Imperial Irrigation District**

Name of Primary

Representative: Arcadio Magana
Title: Interim General Superintendent, Trading Floor
Company: Imperial Irrigation District
Address: 333 E. Barioni Boulevard/PO Box 937
City/State/Zip Code Imperial, CA 92251
Email Address: amagana@iid.com
Phone: (760) 482-3369
Fax No: (760) 482-3380

Name of Alternative

Representative: R. Marc Printy
Title: Interim Superintendent, System Operations
Company: Imperial Irrigation District
Address: 333 E. Barioni Boulevard
City/State/Zip Code Imperial, CA 92251
Email Address: rmprinty@iid.com
Phone: (760) 339-0835
Fax No: (760) 339-0767

California Independent System Operator Corporation

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: regulatorycontracts@caiso.com
Phone: (916) 351-4400
Fax No: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Lead Contract Negotiator
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email Address: csibley@caiso.com
Phone: (916) 608-7030
Fax No: (916) 608-5063