

**POWER MANAGEMENT AND ADMINISTRATIVE SERVICES  
AGREEMENT**

## Table of Contents

Section 1.	Definitions .....	3
Section 2.	Purpose .....	20
Section 3.	Power Management and Administrative Services.....	21
Section 4.	Cost Allocation .....	23
Section 5.	Administration of Agreement.....	23
Section 6.	Term and Termination .....	27
Section 7.	Admission and Withdrawal of Participants .....	27
Section 8.	Power Management and Administrative Services Schedules .....	30
Section 9.	Precedence of Agreement .....	31
Section 10.	Settlement of Disputes and Arbitration .....	31
Section 11.	Miscellaneous.....	41
Schedule 1.	List of Participants .....	1
Schedule 2.	Service Agreements .....	1
Schedule 3.	Service Categories .....	1
Schedule 4.	Cost Allocation Methodology .....	1

This POWER MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT is dated as of \_\_\_\_\_, 20\_\_ by and among the Northern California Power Agency, a joint powers agency of the State of California ("NCPA"), and the signatories to this Agreement other than NCPA ("Participants"). NCPA and the Participants are referred to herein individually as a "Party" and collectively as the "Parties".

### RECITALS

A. NCPA has heretofore been duly established as a public agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

B. Each of the Participants is a signatory to the Joint Powers Agreement which created NCPA and therefore is a Member.

C. The Participants desire NCPA to establish facilities, staff and the capability for providing Power Management and Administrative Services, including, but not limited to, Scheduling Coordination Services, real time dispatch, power pool management, resource management, settlements, risk management, and direct assignment activities.

D. NCPA has established facilities, staff and the capability for the efficient and cost effective provision of Power Management and Administrative Services to the Participants, pursuant to this Agreement, the Service Agreements and Good Utility Practice.

E. Power Management and Administrative Services benefit all Members who receive such services from NCPA. Power Management and Administrative Services are an integral part of NCPA's business function and are necessary in order to manage, operate, maintain and support NCPA and Member investments and service obligations.

F. An agreement is necessary to formalize the contractual relationships between NCPA and the Participants with regards to the role, scope, governance, and the equitable allocation of costs associated with Power Management and Administrative Services supplied by NCPA to the Participants.

G. This Agreement establishes the framework under which Participants shall enter into one or more Service Agreements with NCPA to take certain Power Management and Administrative Services from NCPA, and how costs associated with such services are to be allocated among the Participants receiving such services.

H. Each Participant agrees to pay its equitable share of costs associated with NCPA's provision of Power Management and Administrative Services in accordance with this Agreement and the Service Agreements.

I. The Participants further desire, insofar as possible, to insulate other Members, whether or not such Members are also Participants, from risks inherent in the services and transactions undertaken on behalf of any given Participant or group of Participants.

NOW, THEREFORE, the Parties agree as follows:

**Section 1. Definitions.**

1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings:

1.1.1 "Administrative Services Costs" means that portion of the NCPA administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance

premiums, fees for legal, engineering, financial and other services, power management services, general settlement and billing services and general risk management costs, that are charged directly or apportioned to Power Management and Administrative Services Annual Budget categories.

1.1.2 “Agreement” means this Power Management and Administrative Services Agreement.

1.1.3 “All Resources Bill” means the single, combined monthly bill from NCPA to a Participant with respect to all NCPA services, programs and NCPA Projects.

1.1.4 “Amended and Restated Facilities Agreement” or “Facilities Agreement” means that agreement dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement which establishes the framework under which Project Agreements are created for the development, design, financing, construction, and operation of NCPA Projects.

1.1.5 “Amended and Restated Market Purchase Program Agreement” or “Market Purchase Program Agreement” means the NCPA Amended and Restated Market Purchase Program Agreement dated as of September 10, 2012 by and between NCPA and the Members who are signatories to that agreement by which NCPA transacts Approved Products.

1.1.6 “Amended and Restated Scheduling Coordination Program Agreement” or “Scheduling Coordination Program Agreement” or “SCPA” means that agreement dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement by which NCPA provides Scheduling Coordination Services.

1.1.7 “Annual Budget” means the NCPA budget for the current Fiscal Year adopted by the Commission, or in the event a two-year budget is adopted by the Commission if permitted by the NCPA Commission Bylaws or the Joint Powers Agreement, means the two-year budget for the applicable period.

1.1.8 “Approved Products” has the meaning as defined in the Amended and Restated Market Purchase Program Agreement.

1.1.9 “Balance of Month Transaction” means a purchase or sale of electric energy, capacity and/or other related attributes for a term not greater than one month to be performed or delivered within the current or next succeeding calendar month.

1.1.10 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time.

1.1.11 “Calendar Day” means all days, including Saturdays, Sundays or Federal Reserve Bank holidays.

1.1.12 “California Independent System Operator Corporation” or “CAISO” means the non-profit public benefit corporation responsible for the provision of fair and open transmission access, and maintaining reliable and efficient operation of that portion of the electric grid contained within its defined balancing authority area, pursuant to the California Public Utilities Code, or its successor entity.

1.1.13 “CAISO Tariff” means the CAISO FERC Electric Tariff.

1.1.14 “CARB” means the California Air Resources Board, or its successor organization.

1.1.15 “CARB Offset Credit” means a tradable compliance instrument issued by CARB pursuant to the GHG Regulations that represents a GHG reduction or GHG removal enhancement of one metric ton of carbon dioxide (“CO<sub>2</sub>”).

1.1.16 “CARB Sector-Based Offset Credit” means a credit issued by CARB pursuant to the GHG Regulations from a sector-based crediting program once the crediting baseline for a sector has been reached.

1.1.17 “Commission” means the NCPA Commission established by the Joint Powers Agreement.



1.1.18 “Commissioner” means a voting member of the Commission.

1.1.19 “Contract Transaction” has the meaning as defined in the Amended and Restated Market Purchase Program Agreement.

1.1.20 “Electric System” means, with respect to each Participant except the San Francisco Bay Area Rapid Transit District (“BART”) and the City of Oakland, all properties and assets, real and personal, tangible and intangible, of the Participant now or hereafter existing, used or pertaining to the generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, or the utilization of such, including all additions, extensions, expansions, improvements and betterments thereto and equipment thereof, and in the case of BART all properties and assets, real and personal, tangible and intangible, of the Participant now or hereafter existing, used or pertaining to its public transportation system, and in the case of the City of Oakland, all properties and assets, real and personal, tangible and intangible, of the Participant now or hereafter existing, used or pertaining to the Port of Oakland (as defined in the Charter of the City of Oakland); provided, however, that to the extent the Participant is not the sole owner of an asset or property or to the extent that an asset or property is used in part for generation for resale, transmission,

transformation, distribution or sale of electric capacity and energy, only the Participant's ownership interest in such asset or property or only the part of the asset or property used for electric purposes (or public transportation or Port of Oakland purposes in the case of BART or the City of Oakland, respectively) shall be considered to be part of its Electric System.

1.1.21 "Emissions Allowance" means a limited tradable authorization to emit up to one metric ton of carbon dioxide equivalent issued either pursuant to the GHG Regulations or federal law.

1.1.22 "Energy Risk and Counterparty Risk Management Regulations" means that certain NCPA Energy Risk and Counterparty Risk Management Regulations, version 1.7, approved September 24, 2012.

1.1.23 "Energy Risk Management Policy" means that certain NCPA Energy Risk Management Policy, version 1.3, approved June 16, 2011.

1.1.24 "Facilities Committee" or "Committee" means the committee established pursuant to Section 5 of the Amended and Restated Facilities Agreement.

1.1.25 "FERC" means the Federal Energy Regulatory Commission, or its regulatory successor.

1.1.26 "First Phase" of a NCPA Project means the initial planning stage conducted pursuant to the provisions of Section 6 of the

Amended and Restated Facilities Agreement and prior to the declaration of such Project as constituting a “NCPA Project” by the Commission.

1.1.27 “Fiscal Year” means the NCPA fiscal year; currently the twelve month period beginning July 1 and ending on the following June 30.

1.1.28 “General Manager” means the General Manager of NCPA.

1.1.29 “GHG Compliance Instrument” means any instrument, including but not limited to, Emission Allowance, CARB Offset Credit or CARB Sector-Based Offset Credit that can be used to fulfill a GHG emission compliance obligation imposed by the State or federal government.

1.1.30 “GHG Regulations” means the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanism regulations codified at 17 Code of California Regulations sec. 95801 *et seq.*, and adopted by CARB in compliance with the Global Warming Solutions Act (“AB 32”, California Health & Safety Code sec. 95801 *et seq.*).

1.1.31 “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry within the United States of America during the relevant time period, 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 the lowest reasonable cost consistent with NERC or WECC approved business practices, reliability and safety. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the electric utility industry within the United States of America.

1.1.32 "Greenhouse Gas" or "GHG" means carbon dioxide ("CO<sub>2</sub>"), methane ("CH<sub>4</sub>"), nitrous oxide ("N<sub>2</sub>O"), sulfur hexafluoride ("SF<sub>6</sub>"), hydrofluorocarbons ("HFCs"), perfluorocarbons ("PFCs"), and other fluorinated gasses.

1.1.33 "Joint Powers Agreement" means the Amended and Restated Northern California Power Agency Joint Exercise of Powers Agreement dated as of January 31, 2008.

1.1.34 "Lodi Energy Center" or "LEC" means the NCPA Lodi Energy Center, a 280 MW combined cycle generation facility located in Lodi, California.

1.1.35 "Long-Term Transaction" means a purchase or sale of natural gas, electric power, capacity, transmission and/or other related attributes to be performed or delivered for a duration longer than a Balance of Month Transaction.

1.1.36 "Member" means any member of NCPA or associate member of NCPA who is a signatory to the Joint Powers Agreement.

1.1.37 "MSSA Agreement" means the Third Amended and Restated NCPA MSS Aggregator Agreement.

1.1.38 "Natural Gas Program Agreement" means the NCPA Natural Gas Program Agreement dated as of July 11, 2011 between NCPA and the Members who are signatories to that agreement by which NCPA purchases natural gas.

1.1.39 "NCPA" has the meaning set forth in the recitals hereto.

1.1.40 "NCPA Commission Bylaws" means the Rules of Procedure for the Commission of the Northern California Power Agency as adopted by resolution of the Commission.

1.1.41 "NCPA Project" means any Project undertaken by NCPA and one or more of its Members, other than the Lodi Energy Center, and which Project may also include a non-member as a participant, which has progressed beyond the First Phase (preliminary survey and investigation) pursuant to Section 6 of the Amended and Restated Facilities Agreement, and which has been designated by the Commission as a NCPA Project.

1.1.42 "NERC" means the North American Electric Reliability Corporation, or its successor.

1.1.43 “Operating Agreement” means any agreement, other than the Amended and Restated Facilities Agreement, that is entered into subsequent to or concurrently with a Third Phase Agreement, and that establishes the principles, procedures and rules for operating and maintaining a specific NCPA Project.

1.1.44 “Operating Entity” means a Project Participant, or a group of Project Participants, that determines the use of and coordinates scheduling of their Project Participation Percentage share of energy and capacity of a NCPA Project with NCPA, in accordance with established scheduling requirements, including those requirements determined by NCPA. NCPA may act as an Operating Entity for a Project Participant, or a group of Project Participants, pursuant to separate agreement.

1.1.45 “Operating Service Agreement” means an Operating Service Agreement between NCPA and one or more Members, utilizing the Professional Services/Operating Agreement adopted by the Commission, by which NCPA provides specific services, as described in the subject agreement, related to the operation of Member resources and other investments.

1.1.46 “Participant” has the meaning set forth in the recitals of this Agreement. Each Participant shall be a Member. Participants to this Agreement are listed in Schedule 1 of this Agreement.

1.1.47 “Party” or “Parties” has the meaning set forth in the recitals hereto; provided that “Third Parties” are entities that are not party to this Agreement.

1.1.48 “Pool Member” means a signatory to the Second Amended and Restated Pooling Agreement.

1.1.49 “Power Management and Administrative Services” means services provided by NCPA to the Members, pursuant to this Agreement and the Service Agreements, including, but not limited to, Scheduling Coordination Services, real time dispatch, power pool management, resource management, settlements, energy risk management, and direct assignment, administrative and support activities related to the foregoing.

1.1.50 “Power Management and Administrative Services Schedules” or “Schedules” means the principles and/or procedures adopted by the Commission, which are appended to and made part of this Agreement, and are subject to change or amendment from time to time pursuant to Section 11.6.2.

1.1.51 “Power Management Services Costs” are costs associated with NCPA’s provision of Power Management and Administrative Services, including, but not limited to, those costs and expenses associated with Scheduling Coordination Services, real time dispatch, power pool management, resource management, settlements, energy risk management, and direct assignment, administrative and support activities related to the foregoing. Power Management Services Costs do not include that portion of the NCPA administrative, general and occupancy costs and expenses that are charged directly or apportioned to Power Management and Administrative Services Annual Budget categories; rather such costs are accounted for as Administrative Services Costs.

1.1.52 “Project” means a generation facility, transmission facility, natural gas facility, Long-Term Transaction, or other resource directly related to the Participants’ business. Provided, however, that any Long-Term Transaction entered into pursuant to the Amended and Restated Market Purchase Program Agreement, Natural Gas Program Agreement, or other separate Service Agreements shall not be deemed to be a Project under the Amended and Restated Facilities Agreement.

1.1.53 “Project Agreement” or “NCPA Project Agreement” means an agreement including any Second Phase Agreement, Third Phase



Agreement or Operating Agreement, between NCPA and Project Participants, to enable NCPA, on behalf of Project Participants, to carry out plans for the construction, operation, delivery and financing of a NCPA Project.

1.1.54 “Project Indenture of Trust” means a document that contains the terms and conditions (such as the interest rate, maturity, date, convertibility, representations and covenants) governing a bond issuance as between NCPA and a bond trustee with respect to the financing of a NCPA Project.

1.1.55 “Project Participant” is a signatory to the Amended and Restated Facilities Agreement which enters into a Project Agreement with NCPA with respect to a particular NCPA Project.

1.1.56 “Project Participation Percentage” means the percentage of participation of a Project Participant in a NCPA Project as set forth in a Project Agreement. Project Participant Percentage is also commonly referred to as Project Entitlement Percentage, Project Entitlement Share, Participation Percentage or Generation Entitlement Share, each of which are synonymous.

1.1.57 “Revenues” means , with respect to each Participant with the exception of BART, all income, rents, rates, fees, charges, and other moneys derived by the Participant from the ownership or operation of its

Electric System, including, without limiting the generality of the foregoing:

(a) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing and supplying of electric capacity and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System; (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to its Electric System; and (c) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of all or a part of the Electric System, but the term Revenues shall not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Participant or (ii) contributions from customers for the payment of costs of construction of facilities to serve them. In regards to BART, Revenues means, all income, rents, rates, fees, charges, grants, fares or tariffs, subventions and other moneys derived by the Participant from the operation of its Electric System including, without limiting the generality of the foregoing, (i) the earnings on and income derived from the investment of such income, rents, rates, fees, charges grants, fares or tariffs, subventions or other moneys and (ii) the proceeds derived by the Participant directly or indirectly from the sale, lease or other disposition of all or a part of its assets,

but the term Revenues shall not include any moneys derived from sources the use of which is limited by law to expenditures other than operating expenses.

1.1.58 “Scheduling Agent” means an entity authorized to act as agent on behalf of a Scheduling Coordinator, and shall perform certain Scheduling Coordinator duties and requirements on behalf of a Scheduling Coordinator.

1.1.59 “Scheduling Coordinator” means an entity certified by the CAISO for the purposes of undertaking the functions of a Scheduling Coordinator specified in the CAISO Tariff, including, but not limited to, submitting and settling bids, self-schedules, and trades in the CAISO markets.

1.1.60 “Scheduling Coordination Services” means the scheduling and settlement services provided by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

1.1.61 “Second Amended and Restated Pooling Agreement” or “Pooling Agreement” means the NCPA Second Amended and Restated Pooling Agreement dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement which establishes an operating resource pool to jointly manage Pool Members’ collective portfolios of loads and resources.

1.1.62 “Second Phase” means the second stage of NCPA Project planning and design pursuant to an agreement (“Second Phase Agreement”) between one or more of the Members and NCPA to proceed beyond the First Phase with study, design, or development of a NCPA Project.

1.1.63 “Service Agreements” mean the Amended and Restated Facilities Agreement, the Amended and Restated Scheduling Coordination Program Agreement, the Second Amended and Restated Pooling Agreement, the Amended and Restated Market Purchase Program Agreement, the Natural Gas Program Agreement, an Operating Service Agreement, a Single Member Services Agreement, or other agreements that may be developed by the Commission from time to time to provide services to Participants as described in Schedule 2 of this Agreement. Project Agreements are not considered to be Service Agreements under the context of this Agreement.

1.1.64 “Single Member Services Agreement” means a NCPA Single Member Services Agreement for Special Transactions between NCPA and a Member utilizing the pro forma NCPA Single Member Services Agreement adopted by the Commission, by which NCPA provides special services to the Member as described in the subject agreement relating to the operation of Member resources and other investments.

1.1.65 "State" means the State of California.

1.1.66 "Third Phase" means the third stage of a NCPA Project pursuant to an agreement ("Third Phase Agreement") between one or more of the Members and NCPA to participate in the financing, construction, operation, and/or rights to the capacity, energy and/or other attributes of a NCPA Project.

1.1.67 "Third Party" means an entity (including a Member) that is not a Party to this Agreement.

1.1.68 "Uncontrollable Forces" means storm, flood, lightning, earthquake, tsunami, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor dispute, sabotage, war, national emergency, restraint by court or public authority, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or other causes beyond the control of the affected Party which such Party could not reasonably have been expected to avoid by exercise of Good Utility Practice, due diligence and foresight.

1.1.69 "WECC" means the Western Electricity Coordinating Council, or its successor(s).

1.1.70 "Withdrawing Participant" has the meaning set forth in Section 7.2 of this Agreement.

1.2 Rules of Interpretation. As used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise: The terms “herein,” “hereto,” “herewith” and “hereof” are references to this Agreement taken as a whole and not to any particular provision; the term “include,” “includes” or “including” shall mean “including, for example and without limitation;” and references to a “Section,” “subsection,” “clause,” “Appendix”, “Schedule”, or “Exhibit” shall mean a Section, subsection, clause, Appendix, Schedule or Exhibit of this Agreement, as the case may be. All references to a given agreement, instrument, tariff or other document, or law, regulation or ordinance shall be a reference to that agreement, instrument, tariff or other document, or law, regulation or ordinance as such now exists and as may be amended from time to time, or its successor. A reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having a separate legal personality and includes its successors and permitted assigns. A reference to a “day” shall mean a Calendar Day unless otherwise specified. The singular shall include the plural and the masculine shall include the feminine, and *vice versa*.

**Section 2. Purpose.** The purpose of this Agreement is to (i) set forth the terms and conditions under which NCPA will provide efficient and cost effective

Power Management and Administrative Services to a Participant, (ii) establish the framework under which a Participant shall enter into this Agreement and one or more Service Agreements with NCPA to obtain Power Management and Administrative Services from NCPA, and (iii) specify how costs associated with NCPA's provision of Power Management and Administrative Services are to be allocated among the Participants based on having participated in a NCPA Project or having executed one or more Service Agreements.

**Section 3.     Power Management and Administrative Services.** Power Management and Administrative Services benefit all Members who receive such services from NCPA, and Power Management and Administrative Services are an integral part of NCPA's business function and are necessary in order to manage, operate, maintain and support NCPA and Member investments and service obligations. A Member who receives Power Management and Administrative Services from NCPA shall become a Participant to this Agreement, and shall become a signatory to one or more Service Agreements, based on the type of Power Management and Administrative Services that Participant receives from NCPA, as further set forth in this Agreement.

3.1     NCPA Project and Service Agreements. NCPA provides Power Management and Administrative Services to Participants pursuant to the terms and conditions of this Agreement, the Project Agreements, and the individual

Service Agreements. A Participant receives particular Power Management and Administrative Services from NCPA as an obligation of NCPA, by virtue of being a signatory to the relevant Project Agreements or Service Agreements under which NCPA provides or causes the provision of required services. The scope and application of each Service Agreement is described in Schedule 2 of this Agreement.

Pursuant to the amendment provisions contained in this Agreement and each respective Service Agreement, the signatories of said agreements may amend the terms and conditions of each agreement as deemed necessary. The Participants agree to conduct a periodic review of each agreement to determine if any terms or provisions of the agreements require amendment. Such periodic review shall be conducted at least every five (5) years from the Effective Date of this Agreement. The parties of each respective agreement shall act in good faith and shall cooperate in conducting such periodic review. If based on the outcome of such periodic review process the Participants determine that an agreement or agreements require amendment, such amendments shall be made in accordance with the amendment provisions contained in each respective agreement.

### 3.2 Power Management and Administrative Services Categories.

Power Management and Administrative Services are categorized based on the type and function of services provided. Costs associated with Power



Management and Administrative Services are accounted for based on the relevant categories of the services established by the Commission, or as otherwise set forth by the Commission in the Annual Budget. The functional categories that describe the types of Power Management and Administrative Services provided by NCPA in support of NCPA Projects and the Service Agreements are described in Schedule 3 of this Agreement.

**Section 4.     Cost Allocation.** Costs associated with Power Management and Administrative Services, including Administrative Services Costs and Power Management Services Costs, shall be allocated among the Participants in accordance with methodologies and principles established by the Commission from time to time, as set forth in Schedule 4 of this Agreement.

4.1     Power Management and Administrative Services Costs. Each Participant agrees to and acknowledges its obligation to pay its allocated share of costs associated with Power Management and Administrative Services, including Power Management Services Costs and the portion of Administrative Services Costs allocated to Power Management and Administrative Services, as invoiced in its All Resources Bill subject to any applicable Project Agreement or Service Agreement dispute resolution provisions or procedures.

**Section 5.     Administration of Agreement.**

5.1 Commission. The Commission is responsible for the administration of this Agreement. Each Participant shall be represented by its Commissioner or their designated alternate Commissioner (“Alternate”) pursuant to the Joint Powers Agreement. Each Commissioner shall have authority to act for the Participant represented with respect to matters pertaining to this Agreement.

5.2 Forum. Whenever any action anticipated by this Agreement is required to be jointly taken by the Participants, such action shall be taken at regular or special meetings of the Commission.

5.3 Quorum. For acting upon matters pertaining to this Agreement, a quorum of the Commission shall consist of those Commissioners, or their designated Alternates, representing a numerical majority of the Participants.

5.4 Voting.

5.4.1 General Administration. For acting upon matters that relate to general administration of this Agreement, each Participant shall have the right to cast one (1) vote. Actions of the Commission shall be effective only upon a majority vote of the Participants.

5.4.2 Power Management and Administrative Services Functional Categories and Cost Allocation Methodology. For acting upon matters that relate to the establishment of Power Management and

Administrative Services functional categories, as set forth in Schedule 3, or the methodology for allocating costs associated with Power Management and Administrative Services, as set forth in Schedule 4, the following voting procedure shall be used. Actions of the Commission regarding Schedule 3 and Schedule 4 shall be effective only upon both of the following conditions being satisfied:

(i) each Participant shall have the right to cast one (1) vote, and actions of the Commission shall be effective only upon an affirmative vote of eighty percent (80%) or more of the Participants; and

(ii) each Participant shall have the right to cast one (1) vote and each Participant's vote shall be weighted based on its percentage share of Power Management and Administrative Services Costs, including the portion of Administrative Services Costs allocated to Power Management and Administrative Services, as such costs are set forth in the prior Fiscal Year budget. Actions of the Commission shall be effective only upon an affirmative vote of sixty five percent (65%) or more of the weighted shares of the Participants; provided, however, if the voting right of any Participant exceeds thirty five percent (35%) that Participant's voting right shall be limited to thirty five percent (35%) and the Participant's voting right percentage in excess of thirty

five percent (35%) shall be proportionally reassigned to the Participants whose voting right percentage is less than thirty five percent (35%).

5.5 Adoption and Amendment of Annual Budget. Annually, the Commission shall adopt an Annual Budget, which includes, but is not limited to, all costs attributed to Power Management and Administrative Services, for at least the next succeeding Fiscal Year in accordance with the Joint Powers Agreement and this Agreement. Provided, however, that the Commission may in its discretion adopt a two-year budget if permitted to do so by the NCPA Commission Bylaws or the Joint Powers Agreement.

5.6 Facilities Committee. The Facilities Committee has been established pursuant to the Amended and Restated Facilities Agreement to act as an advisory committee to the Commission. The Commission or General Manager may refer matters pertaining to the administration of this Agreement to the Facilities Committee for review and recommendation, including, but not limited to, proposed amendments to this Agreement and to the Power Management and Administrative Services Schedules. If the Commission or General Manager refers matters pertaining to the administration of this Agreement to the Facilities Committee, NCPA will provide a copy of the public notice of the Facilities Committee meeting at which the matter will be discussed to the Participants. The Facilities Committee may act upon such matters referred

to it by the Commission in accordance with the procedures, including the general administration quorum and voting procedures, set forth in the Amended and Restated Facilities Agreement. Any recommendations of the Facilities Committee shall be made to the Commission, Project Participants, and others, as appropriate, in coordination with the General Manager.

**Section 6. Term and Termination.**

6.1 Effective Date. This Agreement shall become effective on the first day of the month after which it has been duly executed by all Participants, and delivered to and executed by NCPA (the “Effective Date”). NCPA shall notify all Participants in writing of the Effective Date.

6.2 Term and Termination. This Agreement shall continue in full effect until terminated by consent of all Parties.

**Section 7. Admission and Withdrawal of Participants.**

7.1 Admission of a New Participant. Subsequent to the initial Effective Date, a Member who is not a Participant, and who desires to receive Power Management and Administrative Services from NCPA or is required to take such services (e.g. a Project Participant), shall become a Participant by executing this Agreement. Such Member will become a Participant effective on the date of its delivery to NCPA of an executed counterpart of this Agreement.

7.2 Withdrawal of Participants. Any Participant may withdraw from this Agreement (“Withdrawing Participant”) by: (1) submitting notice, in writing to all Parties at least two (2) years in advance of the effective date of such withdrawal, provided that such withdrawal shall only be effective on the last day of a Fiscal Year and that the Withdrawing Participant has fully satisfied all obligations it has incurred under this Agreement not later than the effective date of withdrawal; and (2) fully withdrawing its participation in the Service Agreement or Service Agreements it is signatory to, under which the Participant receives Power Management and Administrative Services, pursuant to the terms and conditions for withdrawal or termination specified in said Service Agreement or Service Agreements not later than the effective date of withdrawal from this Agreement; provided, however, if the withdrawal or termination provisions specified in the Service Agreement or Service Agreements in which the Withdrawing Participant is signatory require a notice of withdrawal or termination of less than two (2) years, the length of withdrawal notice required under this Agreement shall be made to be coterminous with the greatest length of notice contained in said Service Agreement or Service Agreements. The withdrawal requirements stated herein may be altered upon mutual agreement between NCPA and the Withdrawing Participant whereby all un-discharged liabilities, credits or obligations of the Withdrawing Participant, including any

contingent liabilities, credits or obligation, are fully satisfied. NCPA and the Withdrawing Participant shall negotiate in good faith and shall cooperate in reaching such mutual agreement. The two (2) year duration of the notice requirement may be waived or reduced by the Commission in its sole discretion. Notwithstanding the provisions of this Section 7.2, a participant under the Amended and Restated Facilities Agreement that terminates its membership in the joint powers agency pursuant to the Joint Powers Agreement, but has not withdrawn its participation in the Amended and Restated Facilities Agreement, shall continue its participation in the Amended and Restated Facilities Agreement as a non-Member participant pursuant to Section 15.5 of the Amended and Restated Facilities Agreement. Withdrawal by any Participant shall not terminate this Agreement as to the remaining Participants.

Pursuant to the respective Project Agreements, NCPA shall make available or cause to be made available services so that a Project Participant may receive its Project Participation Percentage share of capacity and energy from a NCPA Project. The Participants acknowledge and agree that one way NCPA may satisfy its obligation to cause or make available such services to the Participants is through the provision of Power Management and Administrative Services under this Agreement and the Service Agreements to the extent that

NCPA performs its obligations under this Agreement and the Service Agreements.

7.3 No Effect on Prior Liabilities. Withdrawal by any Participant will not terminate any ongoing or un-discharged liabilities, credits or obligations, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or such Withdrawing Participant has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

7.4 Associated Costs. A Withdrawing Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing Participant's liabilities, credits or obligations, including any contingent liabilities, credits or obligations.

**Section 8. Power Management and Administrative Services Schedules.**

Power Management and Administrative Services Schedules may be established for the implementation of this Agreement. Power Management and Administrative Services Schedules provide detailed descriptions, procedures, protocols and guidelines for the provision and allocation of services provided under this Agreement and the Service Agreements. Power Management and



Administrative Services Schedules may be established, repealed or amended by the Commission in accordance with this Agreement.

**Section 9. Precedence of Agreement.** Where there is any conflict between this Agreement and the Joint Powers Agreement, a Project Agreement, a Service Agreement or a NCPA Project Indenture of Trust, the provisions in the Joint Powers Agreement, Project Agreement, Service Agreement or NCPA Project Indenture of Trust shall control.

**Section 10. Settlement of Disputes and Arbitration.**

10.1 Settlement of Disputes. The Parties agree to make best efforts to settle all disputes among themselves connected with this Agreement as a matter of normal business under this Agreement. The procedures set forth in the remainder of this Section shall apply to all disputes that cannot be settled by the Participants themselves.

10.2 Facilities Committee and Commission Resolution. All disputes connected with this Agreement that cannot be resolved by the Parties themselves, may be submitted by any Party to the Facilities Committee, which shall consider the matter at its next regular meeting held not less than thirty (30) Calendar Days after the submission of the matter to it. If the Facilities Committee cannot resolve a dispute within thirty (30) Calendar Days after said

meeting, the dispute shall be submitted by the Facilities Committee to the Commission.

The Commission shall consider the matter at its next regular meeting held not less than thirty (30) Calendar Days after the submission of the matter to it. If the Commission cannot resolve a dispute within thirty (30) Calendar Days after said meeting, any Party to the dispute may commence mediation pursuant to Section 10.3.

The Facilities Committee and the Commission shall make best efforts to resolve all disputes submitted to them through discussion and negotiations. At any time during this process a Party or the Commission may suggest that a mediator with experience in the utility industry be asked to assist in such discussions and negotiations.

### 10.3 Mediation.

10.3.1 If informal dispute resolution by the Facilities Committee and Commission, as described in Section 10.2, fails, then prior to engaging in the arbitration outlined in Section 10.5, the Parties shall first attempt to settle any controversy or claim arising out of or relating to this Agreement, or breach thereof, through a mediation process by a disinterested third person, acceptable to the affected Parties. A formal mediation request shall be

submitted to the General Manager by any Party within ten (10) Calendar Days of the failure of dispute resolution by the Commission.

10.3.2 Once a mediation request is submitted by any Party, unless the Parties otherwise agree upon a mediator, each affected Party shall have thirty (30) Calendar Days in which to present to the General Manager a list of not more than three (3) disinterested mediators, each of whom shall preferably have experience in the utility industry and the subject matter area in question. Each Party in turn, in the order in which the lists are received by the General Manager, with NCPA exercising its turn last, may exercise the right to reject one (1) name from the list of mediators until only one (1) name is remaining. That person shall act as mediator. Any affected Party failing to present a list to the General Manager shall waive its right to participate in the selection of the mediator.

10.3.3 Each Party participating in the mediation shall bear its own attorney's fees and costs in preparing for and conducting the mediation, except that the joint costs, if any, of the actual mediation proceeding, including all costs of the mediator, shall be shared equally by all the Parties participating in the mediation. Mediation proceedings shall not extend beyond ninety (90) Calendar Days without the agreement of each of the Parties participating in the mediation.

#### 10.4 Expedited Dispute Resolution Procedure.

10.4.1 At any time that a Party believes that a dispute exists which cannot be timely resolved under procedures set forth in Section 10.2 and 10.3, written notice shall be promptly provided by the Party to the General Manager and the Parties. Such notice shall provide a detailed explanation of the dispute and the position(s) of the Parties to the dispute. The notice shall also provide an explanation of why the dispute cannot be timely resolved under the procedures set forth in Section 10.2 and 10.3.

10.4.2 Upon receipt of such notice, the General Manager shall determine what actions are appropriate to effectuate a resolution of the dispute. In the event that the General Manager cannot effectuate a resolution of the dispute satisfactory to all Parties participating in the dispute resolution within five (5) Business Days of receipt of such notice, the General Manager shall immediately notify the Chair of the Commission and provide copies of the notice to the Chair together with any comments of the General Manager, concerning the dispute.

10.4.3 Upon receipt of such notice, the Chair of the Commission shall either place the dispute on the agenda of the next regular meeting of the Commission occurring not less than two (2) weeks from the date of receipt for the purpose of having the Commission mediate the dispute, or, if deemed

necessary by the Chair in his or her discretion, due to the need for timely resolution, call a special meeting of the Commission for the purpose of having the Commission mediate the dispute. If the Commission cannot effectuate a resolution of the dispute within thirty (30) Calendar Days of such meeting, any affected Party may immediately invoke the provisions of Section 10.5.

10.5 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach thereof, which is not resolved by mediation or expedited dispute resolution as provided in Section 10.2, 10.3 or 10.4, shall be settled by binding arbitration in accordance with the procedures set forth in this Section 10.5. Provided, however, that the provisions of this Section 10.5 may be invoked by a Party only following the exhaustion of the remedies provided in Sections 10.2, 10.3 or 10.4, and any dispute, controversies or claims not raised in the manner provided therein are deemed waived.

10.5.1 Schedule. Unless otherwise agreed, if the disputing Party fails to commence arbitration within ninety (90) Calendar Days after the mediation process fails, as provided for in Section 10.3, or the failure of the expedited dispute resolution process, as provided for in Section 10.4, the disputing Party shall be deemed to have waived all claims with respect to such dispute.

10.5.2 Arbitration Rules. Except as otherwise provided in this Section, the arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association (“AAA”). Notwithstanding such rules: (1) discovery shall be permitted and the provisions of California Code of Civil Procedure Section 1283.05 are incorporated by reference herein; except that, the Parties shall not use interrogatories as a means of discovery; and (2) if such AAA rules and provisions as herein modified shall conflict with the laws of the State of California then in force, then California law shall govern.

10.5.3 Commencement and Notice. A Party (the “Initiating Party”) may commence arbitration by serving written notice of its intent to commence arbitration upon the other Parties. The written notice shall express the Initiating Party's intent to institute arbitration under this Agreement, and shall in adequate detail set forth the nature of the dispute, the issue to be arbitrated, the Initiating Party's position thereon, and the remedy to be sought by such arbitration.

10.5.4 Response. Within thirty (30) Calendar Days of the receipt of the notice commencing arbitration and statement of the dispute and proposed remedy prepared pursuant to Section 10.5.3, each Party desiring to respond (each a “Responding Party”) shall serve a written response upon the

Initiating Party and the other Parties stating its understanding of the issues in dispute, its position thereon, the reasons supporting its position and its proposed remedy. The notices and statements required under Section 10.5.3 and this Section shall constitute the "Submittal Statements." The Initiating Party and the Responding Party or Responding Parties are jointly referred to as "the Arbitrating Parties." All Parties shall be bound by the decision of the arbitrator, whether or not the Party is an Arbitrating Party.

10.5.5 Selection and Qualifications of Arbitrator. Within thirty (30) Calendar Days after delivery of the Initiating Party's written notice to commence arbitration, the Arbitrating Parties shall meet for the purpose of selecting a single impartial arbitrator. Unless otherwise agreed, in the event the Arbitrating Parties are unable to agree on the selection of an arbitrator at such meeting, they shall, within fifteen (15) Calendar Days of such meeting, request the American Arbitration Association (or a similar organization if the American Arbitration Association should not at that time exist) to provide a list of five (5) impartial arbitrators from which to select the arbitrator. The proposed arbitrators shall be available to serve and shall be skilled and experienced in the field of the dispute.

No person shall be eligible for appointment as an arbitrator who is a member of a governing board, an officer or an employee of any of the

Parties (whether or not such Party is an Arbitrating Party) or is otherwise interested in the matter to be arbitrated.

Within thirty (30) Calendar Days after the date of receipt of such list, the Arbitrating Parties shall take turns striking names from said list until the arbitrator has been selected by being the last name remaining on the list. The order of the Arbitrating Parties (and where more than four (4) Arbitrating Parties exist, the identity of the Arbitrating Parties eligible to exercise the right to strike names) striking names will be selected randomly by drawing lots in a manner decided by the General Manager. Provided, however, that the Initiating Party shall always have the right to strike a name and that NCPA shall always have the last opportunity to strike a name. After each name is stricken from the list, the next Arbitrating Party will have two (2) Business Days to strike a name from the list. If an Arbitrating Party fails to timely strike a name, it waives its right to strike names, but the remaining Arbitrating Parties shall continue to strike names in their turn, until only one (1) name is remaining. That person shall act as arbitrator. Within ten (10) Calendar Days after selection of the arbitrator, each of the Arbitrating Parties shall submit to the arbitrator their Submittal Statements previously prepared and exchanged.



10.5.6 Arbitration Schedule. Within ten (10) Calendar Days after the submission of the Submittal Statements to the arbitrator, or as may otherwise be scheduled by the arbitrator in his or her discretion, the Arbitrating Parties shall meet with the arbitrator to establish a schedule for discovery, initial hearing, the time for the arbitrator to issue a decision after the close of hearing and any other rules for consideration. Should an Arbitrating Party fail to comply with any schedule established under this Section in a timely manner, that Arbitrating Party shall be deemed to have waived all claims with respect to the dispute. Such schedule may be modified by agreement of the Arbitrating Parties and the arbitrator.

10.5.7 Settlement. The Arbitrating Parties may settle the dispute at any time before the issuance of the arbitrator's decision.

10.5.8 Arbitrator's Authority and Decision. The arbitrator may grant any remedy or relief that is just and equitable and within the scope of this Agreement and the Submittal Statements. Thus, the arbitrator may effectuate a compromise among the Arbitrating Parties taking into account each Arbitrating Party's Settlement Statement.

The arbitrator shall issue a written decision which shall include findings of fact and conclusions of law with respect to the issues involved in the dispute. The arbitrator shall make his or her decision in accordance with

Good Utility Practice. The arbitrator may not grant any remedy or relief which is inconsistent with this Agreement or the Joint Powers Agreement. The arbitrator shall specify the time within which the Arbitrating Parties shall comply with the decision. In no event shall the arbitrator's decision contain findings on issues not contained in, or grant a remedy beyond that sought in, the Submittal Statements. The arbitrator shall have no authority to award punitive or consequential damages. The arbitrator shall have no authority, power or jurisdiction to alter, amend, change, modify, add to, or subtract from any of the provisions of this Agreement, the Joint Powers Agreement, or any other agreement between NCPA and its Members, nor to consider any issues arising other than from the language in and authority derived from this Agreement.

10.5.9 Binding Arbitration. The decision of the arbitrator shall be final and binding upon all Parties (whether or not Arbitrating Parties) and the Parties shall take whatever action is required to comply with the decision. The decision of the arbitrator may be enforced by any court or agency having jurisdiction.

10.5.10 Arbitration and Enforcement Expenses. Each Arbitrating Party shall bear its own expenses, including arbitrator's fees, attorney's fees and the fees and charges of expert witnesses, associated with

the arbitration. Provided, that if a resolution of the dispute is reached before the arbitrator issues an award, such expenses shall be borne as agreed by the Arbitrating Parties. Any and all expenses incurred by NCPA shall be treated as Power Management Services Costs.

Should any Party fail to abide by the decision of the arbitrator, any other Party may immediately seek relief in law or equity as may be appropriate. In such event, the prevailing Party shall be entitled to damages, if any, caused by the non-prevailing Party's failure to abide by the arbitrator's decision, and expenses caused by the enforcement of the arbitrator's decision, including, but not limited to, attorney's fees and the fees and charges of expert witnesses.

**Section 11. Miscellaneous.**

11.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then

the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

11.2 Indemnification and Hold Harmless. Subject to the provisions of Section 11.4, each Participant agrees to indemnify, defend and hold harmless

NCPA and its Members, including their respective governing boards, officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Participant, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

11.3 Several Liabilities. Except as otherwise provided herein or in an applicable Service Agreement, no Participant shall be liable under this Agreement for the obligations of any other Participant, each Participant shall be solely responsible and liable for performance of its obligations under this Agreement and the obligation of each Participant under this Agreement is a several obligation and not a joint obligation with those of the other Participants.

11.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS

EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by

this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

11.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the Commission. Any such waiver by the Commission in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

11.6 Amendments.

11.6.1 Amendments in General. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

11.6.2 Addition, Amendment or Repeal of Power Management and Administrative Services Schedules. Any addition to, amendment to or repeal of the Power Management and Administrative Services Schedules attached hereto shall take effect after being approved by the Commission in a manner consistent with the voting procedures set forth in Section 5.4 of this Agreement, without the requirement of an approval of the individual Participants' governing bodies.

11.7 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

11.8 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

11.9 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

11.10 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any Party shall be in writing, and shall either be personally delivered to a Participant's Commissioner or Alternate, and to the General Manager, or shall be transmitted to the Participant and the General Manager at the addresses shown on the signature pages hereof. The designation of such addresses may be changed at any time by written notice given to the General Manager who shall thereupon give written notice of such change to each



Participant. All such notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication.

11.11 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such Participant evidencing approval of and authority to enter into this Agreement.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

11.13 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

11.14 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

11.15 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties, to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

11.16 Assignment. No Member may assign or otherwise transfer its rights and obligations under this Agreement without the express written consent of NCPA. Such consent may not be unreasonably withheld.

11.17 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author

of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 11.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

IN WITNESS WHEREOF, NCPA and each Participant have, by the signature of its duly authorized representative shown below, executed and delivered a counterpart of this Agreement.

NORTHERN CALIFORNIA  
POWER AGENCY  
651 Commerce Drive  
Roseville, CA 95678

CITY OF ALAMEDA  
2000 Grand Street  
P.O. Box H  
Alameda, CA 94501

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF BIGGS  
465 "C" Street  
Biggs, CA 95917

CITY OF GRIDLEY  
685 Kentucky Street  
Gridley, CA 95948

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF HEALDSBURG  
401 Grove Street  
Healdsburg, CA 95448

CITY OF LODI  
221 W. Pine Street  
Lodi, CA 95240

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF LOMPOC  
100 Civic Center Plaza  
Lompoc, CA 93436

CITY OF OAKLAND, acting  
by and through its  
Board of Port Commissioners  
530 Water Street  
Oakland, CA 94607

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: Port General Counsel  
Date: \_\_\_\_\_

CITY OF PALO ALTO  
250 Hamilton Avenue  
Palo Alto, CA 94301

PLUMAS-SIERRA RURAL  
ELECTRIC COOPERATIVE  
73233 Highway 70  
Portola, CA 96122

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

CITY OF ROSEVILLE  
311 Vernon Street  
Roseville, CA 95678

CITY OF SANTA CLARA  
1500 Warburton Avenue  
Santa Clara, CA 95050

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

SAN FRANCISCO BAY AREA RAPID  
TRANSIT DISTRICT  
300 Lakeside Drive, 16<sup>th</sup> Floor  
Oakland, CA 94612

CITY OF UKIAH  
300 Seminary Avenue  
Ukiah, CA 95482

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

TRUCKEE DONNER PUBLIC  
UTILITY DISTRICT  
11570 Donner Pass Rd  
Truckee, CA 96161

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

**SCHEDULE 1**  
**LIST OF PARTICIPANTS**

The following is a list of the Participants who are signatories to this Agreement:

City of Alameda  
City of Biggs  
City of Gridley  
City of Healdsburg  
City of Lodi  
City of Lompoc  
City of Oakland, acting by and through its Board of Port Commissioners  
City of Palo Alto  
City of Roseville  
City of Santa Clara  
City of Ukiah  
Plumas-Sierra Rural Electric Cooperative  
San Francisco Bay Area Rapid Transit District  
Truckee Donner Public Utility District



## SCHEDULE 2

### SERVICE AGREEMENTS

Pursuant to this Agreement a Participant who desires to receive Power Management and Administrative Services from NCPA shall become a signatory to one or more Service Agreements based on the type and function of the services requested. The following is a description of the Service Agreements and identifies the Service Agreements a Participant is required to become a signatory to in order to receive Power Management and Administrative Services from NCPA, based on the type and function of the services received by the Participant.

#### **Section 1.    Service Agreements.**

1.1    Amended and Restated Facilities Agreement. The Amended and Restated Facilities Agreement establishes the framework under which Project Agreements are created for the development, design, financing, construction and operation of NCPA Projects. The Amended and Restated Facilities Agreement also contains various schedules that include detailed principles, descriptions and procedures for managing, operating, scheduling, billing and settlement for the NCPA Projects.

A Participant that is a Project Participant, or who desires to become a Project Participant and enter into a Project Agreement for the purpose of developing, designing, financing, constructing and operating a NCPA Project, is

required to become a signatory to the Amended and Restated Facilities Agreement.

1.2 Amended and Restated Scheduling Coordination Program Agreement. The Amended and Restated Scheduling Coordination Program Agreement establishes the framework under which NCPA supplies Scheduling Coordination Services to the signatories of that agreement. Scheduling Coordination Services include, but are not limited to, (i) the submission of schedules and bids for load, resources (including, but not limited to NCPA Projects, Member owned generation, other generation resources, imports and exports), trades and/or other CAISO products in the CAISO energy and ancillary services markets, (ii) obtaining and maintaining settlement quality meter data, (iii) reviewing, validating, reconciling and allocating CAISO settlement charges and credits.

A Participant that (i) is a Project Participant in a NCPA Project, (ii) is a Pool Member, or (iii) desires to take Scheduling Coordination Services from NCPA (including, but not limited to, the provision of Scheduling Coordination Services to a non-NCPA Project resource), is required to become a signatory to the Amended and Restated Scheduling Coordination Program Agreement.

1.3 Second Amended and Restated Pooling Agreement. The Second Amended and Restated Pooling Agreement establishes the framework under

which the Pool Members have established an operating resource pool to jointly manage their collective portfolios of loads and resources. Pursuant to the Second Amended and Restated Pooling Agreement, NCPA has established the facilities, staff and capabilities to provide services to the Pool Members, including, but not limited to, load forecasting and resource planning, purchasing and selling energy, capacity and other related products, and providing centralized dispatch and scheduling services for Pool Member loads and resources.

A Participant that desires to become a Pool Member and receive the services provided by NCPA under the Second Amended and Restated Pooling Agreement is required to become a signatory to the Second Amended and Restated Pooling Agreement.

1.4 Amended and Restated Market Purchase Program Agreement. The Amended and Restated Market Purchase Program Agreement establishes the framework under which NCPA may negotiate and enter into Contract Transactions to purchase or sell Approved Products on behalf of a signatory to that agreement.

A Participant that desires NCPA to enter into Contract Transactions on its behalf is required to become a signatory to the Amended and Restated Market Purchase Program Agreement.

1.5 Natural Gas Program Agreement. The Natural Gas Program Agreement establishes the framework under which NCPA may enter into term agreements to purchase natural gas on behalf of a signatory to that agreement.

A Participant that desires NCPA to enter into term agreements to purchase natural gas on its behalf is required to become a signatory to the Natural Gas Program Agreement.

1.6 Single Member Services Agreement. The Single Member Services Agreement establishes the framework under which NCPA may provide special services to a single Member, in the nature of an advisor or agent, by which the Member may receive an advantage by avoiding the cost of the embedded expertise that it would have to employ in the absence of NCPA, and the risks associated therewith, so that the Member may, at its sole risk, and without hazard to NCPA and its other Members, receive benefits, when other NCPA Members may not share interests in a Member's specific effort.

A Participant that desires NCPA to supply special services that may not otherwise be available through other existing Service Agreements intended to provide the desired services to more than a single Participant, is required to become a signatory to a Single Member Services Agreement.

1.7 Operating Service Agreement. The Operating Service Agreement establishes the framework under which NCPA may provide certain services, as

described in the subject agreement, related to the operation of Member resources and other investments, where the services desired by the Member include specific requirements or are not otherwise available pursuant to an existing Service Agreement.

A Participant that desires NCPA to supply services that include specific requirements or that are not otherwise available pursuant to an existing Service Agreement is required to become a signatory to an Operating Service Agreement.

1.8 Special Conditions. From time to time special conditions or requirements for services may be requested from NCPA by a Participant under which no existing Service Agreement is available to satisfy such needs. At the sole discretion of the Commission, certain “one-off” agreements may be developed between NCPA and a Participant, or group of Participants, to enable NCPA to provide such special services. An example of such special services is the Power Management Agreement Between Northern California Power Agency and Truckee Donner Public Utility District, entered into on August 1, 2007.

A Participant, or group of Participants, that desires NCPA to supply special services that are not otherwise available under an existing Service Agreement may submit a written request to the General Manager for such special services, and at the sole discretion of the Commission, NCPA may agree

to develop certain agreements to provide such requested services to a Participant or group of Participants.

**SCHEDULE 3**  
**POWER MANAGEMENT AND ADMINISTRATIVE**  
**SERVICES CATEGORIES**

Power Management and Administrative Services are categorized based on the type and function of services provided. NCPA supplies each of the following functional categories of Power Management and Administrative Services pursuant to and in support of the Service Agreements.

**Section 1.    Power Management and Administrative Services Categories.**

1.1    Schedule Coordination. Scheduling Coordination Services include, but are not limited to, the development, validation and submission of schedules and bids to the CAISO and/or other balancing authority operator markets for NCPA and Member loads and resources, where NCPA acts as Scheduling Coordinator or Scheduling Agent, interchange management services, WECC and NERC compliance activities and support, and system control and data acquisition.

1.2    Real Time Dispatch. Real time dispatch services include, but are not limited to, monitoring and dispatching NCPA and Member loads and resources, outage coordination, management of unplanned outages and system emergencies, purchasing and selling energy and capacity in real time, and coordination and switching.

1.3 Power Pool Management. Power pool management services include, but are not limited to, load, resource and price forecasting, resource planning, optimization, risk analysis and management, pre-scheduling activities, power pool operations and settlement standards, contract administration, and industry restructuring and advocacy activities.

1.4 Resource Management. Resource management services include, but are not limited to, forecasting activities, resource planning, optimization, risk analysis and management, power and fuels transactions, pre-scheduling activities, contract administration, maintenance, negotiation and litigation support, and industry restructuring and advocacy activities.

1.5 Settlements. Power settlement services include, but are not limited to, CAISO settlement charge code validation and allocation, deal control tracking and data validation, contract support activities, analytical support to other NCPA business units and Members in the areas of energy transaction settlements and accounting, meter data validation and management, and development of the All Resources Bill and supporting information.

1.6 Risk Management. NCPA is responsible for providing risk management tools and procedures to protect Members from and mitigate risks inherent in the energy, natural gas, and other commodity trading markets, including the management and coordination of purchase and sale activities



within NCPA and Member risk management criteria. Common risk management activities performed by NCPA include, but are not limited to, assessment and management of NCPA and Member portfolio market exposure, monitoring economy and energy market developments, evaluating counterparty credit risk, maintaining policies and procedures, and organizing meetings with NCPA and Member staff to evaluate risk exposure and compliance with risk management policies established by the Commission. NCPA's provision of risk management services is made in accordance with the Energy Risk Management Policy and Energy Risk and Counterparty Risk Management Regulations.

1.7 Direct Assignment Activities. Direct assignment activities include, but are not limited to, information technology development, integration and maintenance used in conjunction with and in support of Power Management and Administrative Services (including software and hardware), term purchases and sales of energy, capacity, natural gas and other related attributes and commodities, market information and forecasting services, and other specific services provided as directed by the Commission from time to time, or in conjunction with or in support of the Service Agreements.

**SCHEDULE 4**  
**POWER MANAGEMENT AND ADMINISTRATIVE SERVICES**  
**COST ALLOCATION METHODOLOGY**

**Section 1.   Definitions.** Unless defined in this Schedule 4, all terms used in this Schedule 4 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement:

1.1     “NCPA Power Management Cost Allocation Spreadsheet Model” shall mean the spreadsheet model first approved by the Commission, pursuant to Commission Resolution 10-16, that is based on the cost allocation principles and recommendations documented in the NCPA Power Management Cost Allocation Study Phase IIa Recommendations Final Report, dated January 14, 2010, as such spreadsheet model may be modified from time to time as directed by the Commission.

**Section 2.   Cost Allocation Methodology.** Costs associated with Power Management and Administrative Services shall be allocated among the Participants in accordance with the NCPA Power Management Cost Allocation Spreadsheet Model.

**AMENDED AND RESTATED  
FACILITIES AGREEMENT**

## Table of Contents

Section 1.	Definitions .....	4
Section 2.	Purpose .....	7
Section 3.	Duties of the Commission.....	7
Section 4.	Duties of the General Manager and NCPA Staff.....	9
Section 5.	Facilities Committee .....	12
Section 6.	Project Services, Development and Costs .....	19
Section 7.	Project Share Transfers, Sales, Assignments and Exchanges .....	25
Section 8.	Billing and Payments.....	29
Section 9.	Cooperation and Further Assurances .....	31
Section 10.	Participant Covenants and Defaults .....	32
Section 11.	Facilities Schedules.....	36
Section 12.	Other Agreements .....	37
Section 13.	Potential Adverse Impact.....	38
Section 14.	Term and Termination.....	38
Section 15.	Admission and Withdrawal of Participants.....	38
Section 16.	Reports and Records .....	42
Section 17.	Settlement of Disputes and Arbitration .....	43
Section 18.	Miscellaneous.....	43
Facilities Schedule 1.	List of Participants.....	1
Facilities Schedule 2.	NCPA Projects .....	1
Facilities Schedule 3.	Billing Procedures and NCPA Project Cost Determinants.....	1
Facilities Schedule 4.	Shared Facilities and Cost Sharing .....	1
Facilities Schedule 5.	CT1 Project Operating Procedures .....	1
Facilities Schedule 6.	Geothermal Project Operating Procedures .....	1
Facilities Schedule 7.	Hydroelectric Project Operating Procedures .....	1
Facilities Schedule 8.	STIG Project Operating Procedures.....	1
Facilities Schedule 9.	Power Purchase Project Operating Procedures .....	1
Facilities Schedule 10.	Reserve Funds.....	1
Facilities Schedule 11.	Project Phases.....	1
Facilities Schedule 12.	Federal Tax Guidelines Relating to Private Business Use .....	1
Facilities Schedule 13.	Reports to Participants .....	1
Facilities Schedule 14.	Participant Notice Requirements .....	1

This AMENDED AND RESTATED FACILITIES AGREEMENT ("this Agreement") is dated as of \_\_\_\_\_, 20\_\_ by and among the Northern California Power Agency, a joint powers agency of the State of California ("NCPA"), and the signatories to this Agreement other than NCPA ("Participants"). NCPA and the Participants are referred to herein individually as a "Party" and collectively as the "Parties".

### RECITALS

A. NCPA has heretofore been duly established as a public agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

B. Each of the Participants other than the Turlock Irrigation District ("TID") is also a signatory to the Joint Powers Agreement which created NCPA and therefore is a Member. The Participants other than TID are referred to as "Member" or "Members".

C. Each of the Participants to this Agreement has executed one or more Project Agreements to participate in a NCPA Project or Projects.

D. Each Participant is authorized by its Constitutive Documents to obtain electric capacity and energy for its present or future requirements, through contracts with NCPA or otherwise.

E. The Participants desire NCPA to establish facilities, staff and the capability for planning for the addition of generation or transmission facilities, and for entering into long-term transactions and transmission services.

F. NCPA has established facilities, staff and the capability for planning for the addition of generation or transmission facilities, and for entering into long-term transactions and transmission services.

G. The Participants desire NCPA to maintain, operate and schedule the NCPA Projects in accordance with each respective Project Agreement, applicable market rules and Good Utility Practices for the benefit of the Participants.

H. The Members and NCPA have established and may again establish NCPA Projects for the supply of electric capacity, energy, and related attributes, and desire to clearly define and facilitate the activities of NCPA in connection with such NCPA Projects.

I. This Agreement establishes the framework under which Project Agreements are created for the development, design, financing, construction, and operation of specific NCPA Projects.

J. Each of the Parties intends to observe the provisions of this Agreement in good faith and shall cooperate with all other Parties in order to achieve the full benefits of joint design, construction, and operation of facilities.

K. The Parties desire to equitably allocate costs of NCPA's provision of services under this Agreement among the Participants.

L. This Agreement amends, restates and replaces that certain Facilities Agreement dated as of December 15, 1993, as amended by Amendment No. 1 dated as of April 1, 2011 (as amended, "the prior facilities agreement"), and the prior facilities agreement is hereafter of no further force or effect.

M. The Member Service Agreements between the Parties were superseded by the prior facilities agreement, and continue to have no further force or effect.

N. The Lodi Energy Center is independently governed pursuant to separate agreements, and therefore the terms and conditions of this Agreement do not apply to it.

O. The Participants further desire, insofar as possible, to insulate other Members, whether or not such Members are also Participants, from risks inherent in the services and transactions undertaken on behalf of any given Participant or group of Participants.

NOW, THEREFORE, the Parties agree as follows:

**Section 1. Definitions.**

1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 1 of this Agreement shall have the meaning indicated in Section 1 of the Power Management and Administrative Services Agreement:

1.1.1 “Administrative Services Costs” means that portion of the NCPA administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance premiums, fees for legal, engineering, financial and other services, power management services, general settlement and billing services and general risk management costs, that are charged directly or apportioned to the development, financing, construction, improvement, maintenance, operation or decommissioning of a NCPA Project. Administrative Services Costs as



separately defined herein and used in the context of this Agreement is different and distinct from the term Administrative Services Costs as defined in Section 1 of the Power Management and Administrative Services Agreement.

1.1.2 “Agreement” means this Amended and Restated Facilities Agreement, including all Facilities Schedules.

1.1.3 “Constitutive Documents” means, with respect to NCPA, the Joint Powers Agreement and any resolutions or bylaws adopted thereunder with respect to the governance of NCPA, and with respect to each Participant, the California Government Code and other statutory provisions applicable to such Participant, any applicable agreements, charters, contracts or other documents concerning the formation, operation or decision making of such Participant, including, if applicable, its City Charter, and any codes, ordinances, bylaws, and resolutions adopted by such Participant’s governing body.

1.1.4 “Defaulting Participant” has the meaning set forth in Section 10.2 of this Agreement.

1.1.5 “Event of Default” has the meaning set forth in Section 10.2 of this Agreement.

1.1.6 “Facilities Schedules” are the principles and/or procedures adopted by the Commission, which are appended to and made part of this Agreement, and are subject to change or amendment from time to time pursuant to Section 18.7.2.

1.1.7 “OSHA” means either the State or federal Occupational Safety and Health Administration, or their respective successors.

1.1.8 “Participant” has the meaning set forth in the recitals of this Agreement. Each Participant, other than TID, shall be a Member. Participants to this Agreement are listed in Facilities Schedule 1.

1.1.9 “Party” or “Parties” has the meaning set forth in the recitals hereto; provided that “Third Parties” are entities that are not Party to this Agreement.

1.1.10 “Power Management and Administrative Services Agreement” means the NCPA Power Management and Administrative Services Agreement, dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement by which NCPA provides Power Management and Administrative Services.

1.1.11 “Project Costs” are costs associated with a NCPA Project authorized pursuant to this Agreement and/or Project Agreements.

1.1.12 “Third Party” means an entity (including a Member) that is not a Party to this Agreement.

1.1.13 “Turlock Irrigation District” or “TID” means the Turlock Irrigation District, a California Irrigation District.

1.1.14 “Withdrawing Participant” has the meaning set forth in Section 15.2 of this Agreement.

1.2 Rules of Interpretation. All words and references as used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise, shall be interpreted pursuant to Section 1.2 of the Power Management and Administrative Services Agreement.

**Section 2. Purpose.** The purpose of this Agreement is to set forth the terms and conditions under which NCPA may acquire, construct, finance and plan for the addition of NCPA Projects, and manage, maintain, operate, schedule and perform billing for NCPA Projects.

**Section 3. Duties of the Commission.**

3.1 Commission. The Commission is responsible for the administration of this Agreement. Each Member shall be represented by its Commissioner or their designated alternate Commissioner (“Alternate”) pursuant to the Joint Powers Agreement. Each Commissioner shall have

authority to act for the Participant represented with respect to matters pertaining to this Agreement.

3.2 Duties and Authorities. In addition to the administration of this Agreement, the duties and authorities of the Commission are as specified in the Joint Powers Agreement, the NCPA Commission Bylaws, and all Project Agreements between NCPA and Project Participants.

3.3 NCPA Projects. The Commission shall take all action required of it in connection with NCPA Projects in a timely manner consistent with obligations pursuant to Project Agreements, other agreements between NCPA and Project Participants and as provided in this Agreement.

3.4 Forum. Whenever any action anticipated by this Agreement is required to be jointly taken by the Participants, such action shall be taken at regular or special meetings of the NCPA Commission.

3.5 Quorum.

3.5.1 General Administration. For purposes of acting upon matters that relate to general administration of this Agreement, such as, but not limited to, establishment of common billing procedures, a quorum of the Commission shall consist of those Commissioners, or their designated Alternates, representing a numerical majority of the Member Participants.

3.5.2 Relating to a NCPA Project. For purposes of acting upon matters that relate to a NCPA Project, or more than a single NCPA Project, a quorum of the Commission shall be established as provided for in the applicable Project Agreement.

3.6 Voting.

3.6.1 General Administration. For acting upon matters that relate to general administration of this Agreement, each Member Participant shall have the right to cast one (1) vote. Actions of the Commission shall be effective only upon a majority vote of the Member Participants.

3.6.2 Relating to a NCPA Project. For acting upon matters that relate to a NCPA Project, or more than a single NCPA Project, voting shall be in accordance with the applicable Project Agreement.

3.7 Adoption and Amendment of Annual Budget. Annually, the Commission shall adopt an Annual Budget, which includes, but is not limited to, all costs attributed to services provided under this Agreement, for at least the next succeeding Fiscal Year in accordance with the NCPA Joint Powers Agreement and this Agreement. Provided, however, that the Commission may in its discretion adopt a two-year budget if permitted to do so by the NCPA Commission Bylaws or the Joint Powers Agreement.

**Section 4. Duties of the General Manager and NCPA Staff.**

4.1 Reporting Authority. The General Manager shall report to, and be supervised by, the Commission pursuant to the JPA.

4.2 NCPA Staff. The General Manager shall hire such staff or consultants as necessary to carry out NCPA's obligations pursuant to this Agreement, within the constraints of the Annual Budget.

4.3 Duties and Authority. The General Manager, or NCPA staff designated by the General Manager, shall:

- (a) Carry out directions of the Commission with respect to matters related to this Agreement;
- (b) Direct, conduct, and administer First Phase Project studies;
- (c) Direct and carry out all responsibilities of NCPA acting as project manager or agent that operates the project pursuant to this Agreement, Project Agreements, Facilities Schedules, Operating Agreements, or any other agreement between NCPA and Project Participants. Examples of said responsibilities include but are not limited to:
  - (1) Acquisition of property, easements, and water rights as necessary to construct and operate NCPA Projects;
  - (2) Obtaining federal, State, and local permits, licenses, opinions and rulings, as well as any environmental permits, allowances

- or GHG Compliance Instruments, as necessary to construct and operate NCPA Projects;
- (3) Directing the design and construction of NCPA Projects;
  - (4) Recommending methods for NCPA Project financing;
  - (5) Providing for the operation and maintenance of NCPA Projects, with contract support if necessary, in accordance with all applicable reliability standards, requirements, criteria and rules, and consistent with Good Utility Practice;
  - (6) Developing a billing system and invoicing Participants;
  - (7) Preparing and submitting proposed budgets for NCPA Projects for the ensuing Fiscal Year to the Commission and appropriate NCPA committees on such schedule as established by the Commission;
  - (8) Installing and maintaining meters and metering equipment for NCPA Projects in accordance with all applicable metering requirements and standards, including but not limited to all standards and requirements enforced in the CAISO Tariff;
  - (9) Providing Scheduling Coordination Services for NCPA Projects in accordance with the Amended and Restated Scheduling Coordination Program Agreement; and
  - (10) Presenting to the Facilities Committee proposed amendments to this Agreement and the Facilities Schedules for the Committee's review and recommendations.

4.4 Goals and Objectives. Each year, the General Manager shall propose to the Commission, specific goals and objectives for the NCPA staff as such relate to this Agreement. NCPA shall provide periodic reports to the

Commission regarding progress toward meeting the approved goals and objectives. Those goals and objectives pertaining to NCPA Projects shall be reviewed by the Facilities Committee.

**Section 5.    Facilities Committee.**

5.1    Representation. The Facilities Committee is hereby established as an advisory committee to the Commission. Each Participant shall be entitled to identify a Primary Representative (“Primary Representative”) to the Facilities Committee and Alternate Representatives (“Alternate Representative”) by written notice from a Participant’s Commissioner, or their designee, to the General Manager. Provided however, that TID’s Primary Representative and Alternative Representative shall be identified by written notice from its general manager to the General Manager.

In the absence of the Primary Representative, the Alternate Representative shall have all the rights of the Primary Representative with respect to matters properly before the Facilities Committee under this Agreement. Primary and Alternate Representatives shall serve until replaced by the Participant through written notice from the Participant’s Commissioner, or their designee (or, in the case of TID, its general manager), provided to the General Manager.

5.2    Officers and Staff. The Facilities Committee shall annually elect a chair and a vice-chair to serve for the ensuing year. The chair of the Facilities



Committee is responsible for managing Facilities Committee meetings, and in the absence of the Facilities Committee chair, the vice-chair shall assume the duties of the chair. Unless otherwise determined by vote of the Facilities Committee, the vice-chair of the Facilities Committee will automatically become the chair of the Facilities Committee following conclusion of the existing chair's annual term. The General Manager, or his or her designee, shall act as staff to the Facilities Committee. The General Manager shall designate a NCPA staff person to act as secretary of the Facilities Committee.

5.3     Recommendations. Recommendations of the Facilities Committee shall be made to the Commission, Project Participants, and others, as appropriate, in coordination with the General Manager.

5.4     Meetings. Meetings of the Facilities Committee shall be held at least quarterly and be conducted in accordance with the Ralph M. Brown Act. The Facilities Committee shall adopt a meeting schedule for the next calendar year prior to the end of each calendar year. The Facilities Committee secretary shall be responsible for the posting of all agendas, for the provision of notice of meetings to the Facilities Committee, and for the keeping of minutes reflecting the discussions and decisions of the Facilities Committee.

5.5     Quorum.

5.5.1 Quorum of the Facilities Committee. A quorum of the Facilities Committee shall consist of those Primary Representatives, or their designated Alternate Representatives, representing a numerical majority of the Participants.

5.5.2 Relating to a NCPA Project. Once a meeting of the Facilities Committee has been established pursuant to Section 5.5.1, for purposes of acting upon matters relating to a NCPA Project pursuant to this Agreement, a quorum of the Project Participants shall be required and shall consist of those Primary Representatives, or their designated Alternate Representatives, representing a numerical majority of a NCPA Project's Participants, or, in the absence of such, those Primary Representatives, or their designated Alternate Representatives, representing a NCPA Project's Participants having a combined Project Participation Percentage greater than 50%.

5.5.3 Relating to More than One NCPA Project. Once a meeting of the Facilities Committee has been established pursuant to Section 5.5.1, for purposes of acting upon matters relating to more than one NCPA Project pursuant to this Agreement, a quorum of the Project Participants for each involved NCPA Project must be separately established, pursuant to Section 5.5.2, before the Facilities Committee can take formal action.

## 5.6 Voting.

5.6.1 General Administration. For acting upon matters not directly related to a NCPA Project, the Primary Representatives, or their designated Alternate Representatives, of each Participant shall have the right to cast one (1) vote. Actions of the Facilities Committee shall be effective only upon a majority vote of the Participants.

5.6.2 Relating to a NCPA Project. Each Primary Representative, or designated Alternate Representative, to the Facilities Committee shall have the right to cast one (1) vote with respect to actions involving a NCPA Project in which such Project Participant has a Project Participation Percentage. Actions of the Facilities Committee involving a NCPA Project shall be effective and final upon a majority vote of the Project Participants present, subject to the following exception:

- a) Upon demand of any Project Participant in the involved NCPA Project, at the meeting of the Facilities Committee, the vote on any issue relating to such NCPA Project shall be by Project Participation Percentage and sixty five percent (65%) or greater affirmative vote shall be required to take action.

5.6.3 Relating to More than One NCPA Project. For acting upon matters relating to more than one NCPA Project, a separate vote of each involved NCPA Project's Participants shall be required, and the voting

procedures specified in Section 5.6.2 shall apply. Actions of the Facilities Committee involving more than one NCPA Project shall be effective only upon an affirmative vote of the Project Participants for each affected NCPA Project.

5.6.4 Lack of Quorum. If the Facilities Committee is unable to satisfy the quorum requirements of Section 5.5 prior to casting a vote pertaining to matters involving general administration of this Agreement, a NCPA Project, or more than one NCPA Project, the result of such vote shall not be represented as an official vote of the Facilities Committee, but at the request of one or more Participants a tally of the respective votes may be collected, and presented to the Commission for informational purposes.

5.6.5 Matters Relating to TID. Notwithstanding any other provision in this Agreement to the contrary; (1) TID shall be entitled to designate a Primary Representative and Alternate Representative of TID to the Facilities Committee for so long as TID shall remain a Project Participant in Geothermal Generating Project Number 3, which representatives shall have voting rights only with respect to those matters directly relating to said project; and (2) amendments to this Agreement which do not impair the rights of TID as provided in subsection (1) of this Section 5.6.5 shall not

require the consent of TID, provided that TID shall be given written notice of any amendment to this Agreement.

5.7 Responsibilities. The Facilities Committee shall provide representation of Participants in connection with Project Agreements. The Facilities Committee shall also review, make recommendations, or take other actions pursuant to this Agreement concerning Project studies and other activities or actions conducted by, or proposed by, NCPA in connection with NCPA Projects or First Phase activities. Examples of such responsibilities include but are not limited to:

- (a) Review and make recommendations concerning Project studies conducted by NCPA staff or consultants;
- (b) Review and make recommendations concerning the proposed acquisition of property, easements, and water rights by NCPA;
- (c) Review and make recommendations concerning proposed NCPA actions relative to obtaining federal, State, and local permits, licenses, opinions and rulings, as well as any environmental permits, allowances or GHG Compliance Instruments to the extent permitted by law;
- (d) Review and make recommendations concerning NCPA Project designs;

- (e) Monitor the progress of each NCPA Project, and where appropriate, recommend actions;
- (f) Review and make recommendations concerning all plans, procedures and contracts for the procurement of fuel, equipment, materials and services related to NCPA Projects;
- (g) Review, and make recommendations regarding the operation and maintenance of NCPA Projects, including maintenance schedules and operation plans;
- (h) Review and make recommendations concerning remedial actions, settlements of disputes, granting of relief, in accordance with the dispute resolution provisions of this Agreement;
- (i) Review and make recommendations regarding NCPA Project billing procedures;
- (j) Review and make recommendations concerning the Annual Budget, and modifications thereto, proposed by the General Manager; and
- (k) Initiate, or review and make recommendations concerning proposed amendments to this Agreement and to the Facilities Schedules.

5.8 Goals and Objectives. The Facilities Committee may suggest specific goals and objectives for NCPA concerning NCPA Projects, and shall review and make recommendations concerning specific goals and objectives proposed by the General Manager for NCPA Projects.

**Section 6. Project Services, Development and Costs.**

6.1 Scope of Services. NCPA shall act as project manager or agent that operates the project on behalf of the Participants, and shall coordinate and manage all phases of NCPA Project development. NCPA will operate, maintain, schedule and perform billing for NCPA Projects as provided in this Agreement, except as otherwise specified in a specific Project Agreement.

6.2 Designation of NCPA Projects. All Projects when so designated by the Commission shall be known as NCPA Projects. All NCPA Projects subject to the terms and conditions of this Agreement are listed in Facilities Schedule 2. Facilities Schedule 2 shall be updated by NCPA upon the Commission's designation of a new NCPA Project.

6.3 NCPA Project Development Phases. Any NCPA Project undertaken by NCPA may proceed through one or more phases as provided in this Section and Facilities Schedule 11.

6.3.1 First Phase. The "First Phase" of a Project consists of all surveys and preliminary investigation work performed by NCPA regarding a

proposed Project supported out of NCPA's general funds as required by the JPA or provided voluntarily by one or more NCPA Members, pursuant to Facilities Schedule 11, and prior to the time that the Commission declares it as a NCPA Project. For the purpose of terminating the First Phase, the Commission may declare a termination of investigations regarding the proposed Project, or may declare the Project to be a NCPA Project by entering into a Project Agreement with one or more NCPA Members desiring to participate as indicated in Section 6.3.2 or 6.3.3.

6.3.2 Second Phase. The "Second Phase" of a NCPA Project consists of all work performed after one or more NCPA Members has signed a Second Phase Agreement with NCPA for Project surveys, preliminary investigations, study, design, or development, but before a Third Phase Agreement for the NCPA Project becomes effective.

6.3.3 Third Phase. The "Third Phase" of a NCPA Project consists of all work performed after one or more NCPA Members has contracted with NCPA pursuant to a Third Phase Agreement to participate in the financing, construction, operation, and maintenance, and/or rights to the output, of the NCPA Project. Nothing herein prevents the combination of the Second and Third Phases, if NCPA and the participating NCPA Members so agree.



Third Phase Agreements shall be written as “take-or-pay” (“hell-or-high-water”) agreements to the greatest extent possible, so as to insulate NCPA and all Members who are not Project Participants from liability arising from the NCPA Project. Third Phase Agreements shall obligate Project Participants to treat all Project Costs as operation and maintenance expenses of their respective Electric Systems, and shall pledge the Project Participant’s obligation to raise electric rates and/or increase Revenues upon demand of NCPA so as to pay such Project Costs.

6.4 Project Participation. Any Member desiring to participate in a NCPA Project by executing a Project Agreement must first become a Party to this Agreement.

Member Participants may elect to finance and participate in the Second Phase, Third Phase, or operation of a NCPA Project through execution of a Project Agreement.

The Project Participation Percentage shall be based on participation in the previous phase of the NCPA Project, unless the NCPA Project is not fully subscribed, or as otherwise agreed. If the NCPA Project is not fully subscribed, any unsubscribed portion of the NCPA Project shall be divided among Project Participants electing to increase their share, in proportion to their original Project

Participation Percentages, unless otherwise unanimously agreed to by such Project Participants.

Unless otherwise agreed, any Third Phase Agreement shall provide for retirement of any preliminary financing and reimbursement of any expenditure of Project Participants in the Second Phase of such NCPA Project, out of final long-term financing of the NCPA Project or other funding method, including but not limited to cash payment.

Unless otherwise agreed, those Participants not parties to the Second Phase may participate in the Third Phase provided such Participant(s) agree to assume, *pro rata*, all Second Phase obligations, that such Participants reimburse the Second Phase Participants for such *pro rata* share either as part of the long-term financing of the NCPA Project or as otherwise agreed, and that all Second Phase Project Participants agree to such participation in writing within forty-five (45) Calendar Days after written notice of a desire to participate.

6.5     Agreements. Agreements covering the several phases of NCPA Projects are generally designated as follows:

- (a)     Second Phase Agreements or Licensing and Development Agreements shall govern Second Phase NCPA Projects; and

- (b) Third Phase Agreements for Construction, Operation and Financing, Participation Agreements or Power Purchase Agreements shall govern Third Phase NCPA Projects; and
- (c) Facilities Schedules established pursuant to this Agreement, Project Agreements, including Operating Agreements, and other agreements between NCPA and any Project Participant(s), shall further govern operation and maintenance of NCPA Projects, after completion.

6.6 Project Development Procedures. Procedures, criteria, rules, and standards relating to construction, operation and maintenance of NCPA Projects shall be established by the Commission or the General Manager, as provided in this Agreement and Project Agreements.

6.7 Scheduling Coordination. Except as otherwise provided by a separate agreement, NCPA shall provide Scheduling Coordination Services and shall monitor, schedule, settle and dispatch capacity, energy and associated attributes for delivery from each NCPA Project to the Project Participants in accordance with this Agreement and the Amended and Restated Scheduling Coordination Program Agreement. Therefore, each Project Participant shall become a signatory to the Amended and Restated Scheduling Coordination Program Agreement. Each Operating Entity shall coordinate with NCPA the

scheduling of its single or combined Project Participation Percentage share, of the available capacity and energy from a NCPA Project, subject to all applicable operating constraints, requirements and tariffs applicable to such activities, including, but not limited to, the CAISO Tariff, unless otherwise specified in a Project Agreement. Each Project Participant, or group of Project Participants, acting as an Operating Entity for the purpose of coordinating scheduling and dispatching of their Project Participation Percentage share of a NCPA Project with NCPA must comply with the scheduling criteria set forth in the Amended and Restated Scheduling Coordination Program Agreement.

6.8 Project Costs. All Project Costs attributed to a NCPA Project shall be allocated to the Project Participants of said NCPA Project in accordance with the provisions of the applicable Project Agreement, this Agreement, and/or the Power Management and Administrative Services Agreement.

6.9 Incidental Project Costs. Incidental costs that result from a NCPA Project, or associated transmission or other facilities located within or directly connected to the system of a Participant, will be treated as Project Costs and be borne by the NCPA Project.

6.10 Scheduling Coordination Costs. All costs of Scheduling Coordination Services, including, but not limited to, day-ahead scheduling costs, schedule coordination costs, system control and load dispatch costs, real-time

dispatch costs and settlement costs associated with monitoring, scheduling, dispatching and settlement of each NCPA Project shall be treated as Project Costs and be allocated to the Project Participants of said NCPA Project in accordance with the provisions of the applicable Project Agreements, this Agreement, the Power Management and Administrative Services Agreement, and/or the Amended and Restated Scheduling Coordination Program Agreement.

6.11 Administrative Services Costs. NCPA Projects are supported by other common activities and services provided by NCPA. Administrative Services Costs attributed to NCPA's provision of such activities and services to a NCPA Project shall be treated as a Project Cost and be allocated to each Project Participant in accordance with the provisions of the applicable Project Agreements, this Agreement, and/or the Power Management and Administrative Services Agreement.

**Section 7. Project Share Transfers, Sales, Assignments and Exchanges.**

7.1 Notice of Intent to Transfer, Sell, Assign or Exchange Project Participation Percentage Share or Associated Attributes. Prior to a Participant entering into a transfer, sale, assignment or exchange of all or any portion of its Project Participation Percentage share of a NCPA Project or its Project Participation Percentage share of a specific NCPA Project attribute, a Participant

shall provide written notice to the General Manager in accordance with Facilities Schedule 14.

7.2 NCPA Project Participation Percentage Share Transfers, Sales, Assignments or Exchanges by a Project Participant. Except where the applicable Project Agreement provides otherwise, if a Participant desires to transfer, sell, assign or exchange a portion, or its entire Project Participation Percentage share, of a NCPA Project for a specific time interval, or permanently, and a Participant directly makes the desired transfer, sale, assignment or exchange on its own behalf, and does not request NCPA to arrange the desired transfer, sale, assignment or exchange, such transfer, sale, assignment or exchange will not be subject to the right of first refusal process contained in Section 7.3.

7.3 NCPA Project Participation Percentage Share Transfers, Sales, Assignments or Exchanges through NCPA. Except where the applicable Project Agreement provides otherwise, if a Participant desires to transfer, sell, assign or exchange a portion, or its entire Project Participation Percentage share, of a NCPA Project for a specific time interval, or permanently, and a Participant requests NCPA to consummate the desired transfer, sale, assignment or exchange on behalf of the Participant, NCPA will use its best efforts in accordance with this Section 7.3 to arrange the transfer, sale, assignment or exchange of the portion of the Participant's Project Participation Percentage share

of such NCPA Project on behalf of the Participant, following the right of first refusal process listed below:

7.3.1 Before NCPA may transfer, sell, assign or exchange a Project Participation Percentage share to any person or entity other than a Project Participant in the same NCPA Project, NCPA shall give all Member Project Participants in the same NCPA Project the right to purchase or take receipt of the share.

7.3.2 Before NCPA may transfer, sell, assign or exchange a Project Participation Percentage share to any person or entity other than a Participant in this Agreement, NCPA shall give all Member Participants the right to purchase or take receipt of the share.

7.3.3 Before NCPA may transfer, sell, assign or exchange a Project Participation Percentage share to any person or entity other than a Member, it shall give all Members the right to purchase or take receipt of the share.

7.3.4 NCPA shall make all such transfers, sales, assignments or exchanges on behalf of Participants on terms and conditions consistent with the requirements of the applicable Project Agreement, and shall offer the NCPA Project Participation Percentage share to NCPA Members and other persons or entities on terms and conditions no more favorable than those on

which it offered the share to the Project Participants in the same NCPA Project.

7.4 Tax Exempt Status. All transfers, sales, assignments and exchanges arranged by NCPA or directly undertaken by a Project Participant must be made in accordance with the federal tax guidelines relating to private business use as specified in Facilities Schedule 12. Notwithstanding any provision of this Agreement to the contrary, NCPA shall not be obligated to arrange the transfer, sale, assignment or exchange of a Participant's Project Participation Percentage share of a NCPA Project if such transfer, sale, assignment or exchange may, in NCPA's opinion, adversely affect the tax exempt status of any NCPA debt obligation.

7.5 Facilities Committee Participation. Non-Member entities to whom a Participant's Project Participation Percentage share of a NCPA Project is transferred, sold, assigned or exchanged are not thereby entitled to participate in the activities of the Facilities Committee, including voting activities, other than as members of the public, nor do such entities become a member of the Facilities Committee.

7.6 Non-Participant Transferees. Neither NCPA nor a Participant shall transfer, sell, assign or exchange a Participant's Project Participation Percentage share of a NCPA Project to a non-Participant Member without such



non-Participant Member becoming a Participant to this Agreement prior to, or concurrently with, the execution of such transfer, sale, assignment or exchange.

**Section 8. Billing and Payments.**

8.1 Invoices. NCPA will issue an invoice to each Participant for its share of Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs for services provided in accordance with this Agreement. Such invoice may be either the All Resources Bill or separate special invoice, as determined by NCPA. Such invoices will be made pursuant to the requirements and procedures provided for in this Agreement, Project Agreements, and all other applicable agreements. At NCPA's discretion, invoices may be issued to Participants using electronic media or physical distribution.

8.2 Payment of Invoices. All invoices delivered by NCPA (including the All Resources Bill) are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the following Business Day.

8.3 Late Payments. Any amount due and not paid by a Participant in accordance with Section 8.2 shall be considered late and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or

reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

8.4 Billing Disputes. A Participant may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days of the date of such invoice; nonetheless the Participant shall pay the full amount billed when due. If a Participant does not timely question or dispute the accuracy of any invoice in writing, the invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, NCPA shall issue a corrected invoice and refund any amounts that may be due to the Participant. If NCPA and the Participant fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after the Participant has disputed it, the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission and the Participant fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days of its submission to the Commission, the dispute may then be resolved under the mediation and arbitration procedures set forth in Section 17 of this Agreement. Provided, however, that prior to resorting to either mediation or arbitration proceedings, the full amount of the disputed invoice must be paid.

8.5 Billing/Settlement Data and Examination of Books and Records.

8.5.1 Settlement Data. NCPA shall make billing and settlement data available to the Participants in the All Resources Bill, or other invoice, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Participants using electronic media (e.g. electronic data portal). Procedures and formats for the provision of such electronic data submission may be established by the Commission from time to time. Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require the Participants to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal.

8.5.2 Examination of Books and Records. Any Participant to this Agreement shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

**Section 9. Cooperation and Further Assurances.** Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by any other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry

out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

**Section 10. Participant Covenants and Defaults.**

10.1 Each Participant covenants and agrees: (i) to make payments to NCPA, from its Electric System Revenues, of its obligations under this Agreement as an operating expense of its Electric System; (ii) to fix the rates and charges for services provided by its Electric System, so that it will at all times have sufficient Revenues to meet the obligations of this Agreement, including the payment obligations; (iii) to make all such payments due NCPA under this Agreement whether or not there is an interruption in, interference with, or reduction or suspension of services provided under this Agreement, such payments not being subject to any reduction, whether by offset or otherwise, and regardless of whether any dispute exists; and (iv) to operate its Electric System, and the business in connection therewith, in accordance with Good Utility Practice.

10.2 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Participant (the “Defaulting Participant”):

(i) the failure of any Participant to make any payment in full to NCPA when due, where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure;

(ii) the failure of a Participant to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure.

Provided, that this subsection shall not apply to any failure to make payments specified by subsection 10.2 (i));

(iii) if any representation or warranty of a Participant material to the services provided hereunder shall prove to have been incorrect in any material respect when made and the Participant does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days of the date of receipt of notice from NCPA demanding cure; or

(iv) if a Participant is in default or in breach of any of its covenants under any other agreement with NCPA and such default or breach is not cured within the time periods specified in such agreement.

10.3 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces. Provided, that in order to be

relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide oral notice to the General Manager using telephone communication within two (2) Business Days of the onset of the Uncontrollable Force, and provide subsequent written notice to the General Manager and all other Parties within ten (10) Business Days of the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch. Provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

10.4 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 10.2 above, as may be applicable, provided, however, upon request of the Defaulting Participant the Commission may waive the default at its sole discretion, where such waiver shall not be unreasonably withheld.

10.5 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 10.2, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action NCPA may have against the Defaulting Participant, NCPA may take any or all of the following actions:

(i) suspend the provision of services under this Agreement to such Defaulting Participant;

(ii) demand that the Defaulting Participant provide further assurances to guarantee the correction of the default, including the collection of a surcharge or increase in electric rates, or such other actions as may be necessary to produce necessary Revenues to correct the default; or

(iii) enforce all other rights or remedies available to it under any Project Agreement in which the Defaulting Participant is a Project Participant.

10.6 Effect of Suspension.

10.6.1 Generally. The suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged liabilities, credits or obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

10.6.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA with respect to a Participant in accordance with subsection 10.5(i), such Participant shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the Project Costs, scheduling and dispatch costs, and Administrative Services Costs that were not recovered from such Participant as a result of such suspension.

**Section 11. Facilities Schedules.**

11.1 Facilities Schedules. Facilities Schedules shall be established relating to operations of NCPA Projects and administrative matters for the implementation of this Agreement. All Facilities Schedules may be established, repealed or amended by the Commission in accordance with this Agreement, except as provided in Section 11.3 with respect to Facilities Schedules applicable to NCPA Projects for which a separate Operating Agreement exists. The Commission shall consider any recommendation of the Facilities Committee.

11.2 Scope of Facilities Schedules. Facilities Schedules include detailed principles, descriptions and procedures for managing, operating, scheduling, billing and settlement for the NCPA Projects.



11.3 Operating Agreements. For those NCPA Projects for which a separate Operating Agreement has been or later is executed by NCPA and the Project Participants, the applicable Facilities Schedules will supplement the Operating Agreement and shall include a note that an Operating Agreement exists. To the extent a Facilities Schedule and Operating Agreement are inconsistent, the Operating Agreement shall govern. An Operating Agreement, whether or not it is appended to this Agreement as a Facilities Schedule, may only be amended according to the terms contained therein.

**Section 12. Other Agreements.**

12.1 Precedence of Agreements. Where there is any conflict between this Agreement and the Joint Powers Agreement, a Project Agreement or a NCPA Project Indenture of Trust, the provisions in the Joint Powers Agreement, Project Agreement or NCPA Project Indenture of Trust shall control.

12.2 Member Services Agreement. The Member Service Agreements between NCPA, the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Roseville, and Ukiah, and the Plumas-Sierra Rural Electric Cooperative dated February 2, 1981, and the Member Service Agreement between NCPA and the City of Santa Clara dated February 12, 1981, were previously terminated and have no further force or effect. At such time as the City of Redding may become a Participant, then this Agreement shall supersede

and replace the Member Service Agreement between NCPA and the City of Redding dated February 12, 1981.

**Section 13. Potential Adverse Impact.**

13.1 Notification. A Participant shall promptly notify the General Manager in writing of any new or materially changed plan(s) for additions to, retirements of, or changes in transmission or other facilities, which are subject to the control of such Participant, including distribution level transmission or other facilities, and which the Participant believes could affect the capacity or deliverability of a NCPA Project located within the Participant's system. The Facilities Committee shall review such plan(s) and may recommend remedial actions.

**Section 14. Term and Termination.**

14.1 Effective Date. This Agreement shall become effective on the first day of the month after which it has been duly executed by all Participants, and delivered to and executed by NCPA (the "Effective Date"). NCPA shall notify all Participants in writing of the Effective Date.

14.2 Term and Termination. This Agreement shall continue in full effect until terminated by consent of all Parties.

**Section 15. Admission and Withdrawal of Participants.**

15.1 Admission of a New Participant. Subsequent to the initial Effective Date, a Member may become a Participant by executing this Agreement. Such Member Participant will become a Participant effective on the date of its delivery to NCPA of an executed counterpart of this Agreement.

15.2 Withdrawal of Participants. Any Participant may withdraw from this Agreement (“Withdrawing Participant”) by: (1) submitting notice, in writing to all Parties at least two (2) years in advance of the effective date of such withdrawal, provided that such withdrawal shall only be effective on the last day of a NCPA fiscal year and that the Withdrawing Participant has fully satisfied all obligations it has incurred under this Agreement; and (2) divesting its Project Participation Percentage share of all NCPA Projects through a permanent transfer, sale, assignment or exchange, so that (i) the Withdrawing Participant permanently disposes of its legal and contractual obligation to pay for all Project Costs, and other related costs, including disposing of its obligations specified in each respective Project Agreement and Project Indenture of Trust, and (ii) the party (or parties) taking permanent transfer, sale, assignment or exchange of the Withdrawing Participant’s Project Participation Percentage of a NCPA Project is or becomes a Member Participant; provided, however, the withdrawal requirements stated herein may be altered upon mutual agreement between NCPA and the Withdrawing Participant whereby all un-discharged

liabilities, credits or obligations of the Withdrawing Participant, including any contingent liabilities, credits or obligation, are fully satisfied. NCPA and the Withdrawing Participant shall negotiate in good faith and shall cooperate in reaching such mutual agreement. The two (2) year duration of the notice requirement may be waived or reduced by the Commission in its sole discretion. Withdrawal by any Participant shall not terminate this Agreement as to the remaining Participants.

15.3 No Effect on Prior Liabilities. Withdrawal by any Participant will not terminate any ongoing or un-discharged liabilities, credits or obligations, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or such Withdrawing Participant has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

A Withdrawing Participant shall not be obligated to compensate the remaining Participants for loss of any benefits that would have accrued to the remaining Participants if the Withdrawing Participant had continued its participation. Nor shall the remaining Participants be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Participants because of the withdrawal. Reallocation of the costs and benefits of continuing under this Agreement after a Participant has withdrawn shall not give rise to any claim against a Withdrawing Participant by the remaining

Parties. Nor shall any of the remaining Parties be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Parties because of such a reallocation of costs and benefits.

15.4 Associated Costs. A Withdrawing Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing Participant's liabilities, credits or obligations, including any contingent liabilities, credits or obligations.

15.5 Withdrawal of Participant from the JPA. Notwithstanding the provisions of the Power Management and Administrative Services Agreement, the Amended and Restated Scheduling Coordination Program Agreement, and this Agreement, a Member Participant that terminates its membership in the joint powers agency pursuant to the Joint Powers Agreement, but has not withdrawn from this Agreement pursuant to Section 15.2, shall continue its participation in this Agreement as a non-Member Participant and remain obligated and liable to pay its Project Participation Percentage share of all Project Costs, and other related costs attributed to a NCPA Project in which the non-Member Participant is a Project Participant, as specified in the applicable Project Agreements, the Power Management and Administrative Services Agreement, the Amended and

Restated Scheduling Coordination Program Agreement, and this Agreement, provided, however, the non-Member Participant is thereby no longer a Member or a member of the Facilities Committee, and is not entitled to participate in the activities of the Commission or the Facilities Committee, including voting activities, other than as a member of the public. A non-Member Participant shall remain obligated to take Scheduling Coordination Services provided by NCPA for all NCPA Projects in which the non-Member Participant is a Project Participant notwithstanding the fact that such non-Member Participant may no longer be a signatory to the Amended and Restated Scheduling Coordination Program Agreement.

**Section 16. Reports and Records.**

16.1 Reports to Participants. NCPA shall prepare and make available to each Participant the reports listed in Facilities Schedule 13. The frequency of distribution shall be as specified in Facilities Schedule 13.

16.2 Records. Each Party shall keep such records as may be reasonably required by the General Manager to carry out his or her duties pursuant to Section 4.3 of this Agreement, and shall furnish to the General Manager such records, reports, and other information as he or she may reasonably require.

16.3 Reports to Other Agencies. NCPA will submit such reports and records which are required or may be required by the California Energy

Commission, FERC, NERC, WECC, OSHA or such other local, State, regional or federal agencies, as such reports and records are required for NCPA to fulfill its obligations under this Agreement.

**Section 17. Settlement of Disputes and Arbitration.** The Parties agree to make best efforts to settle all disputes among themselves connected with this Agreement as a matter of normal business under this Agreement. The procedures set forth in Section 10 of the Power Management and Administrative Services Agreement shall apply to all disputes that cannot be settled by the Participants themselves; provided, that the provisions of Section 8.4 shall first apply to all disputes involving invoices prepared by NCPA.

**Section 18. Miscellaneous.**

18.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to

the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

18.2 Indemnification and Hold Harmless. Subject to the provisions of Section 18.4, each Participant agrees to indemnify, defend and hold harmless NCPA and its Members, including their respective governing boards, officials,



officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Participant, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

18.3 Several Liabilities. Except as otherwise provided herein or in an applicable Project Agreement, no Participant shall be liable under this Agreement for the obligations of any other Participant, each Participant shall be solely responsible and liable for performance of its obligations under this Agreement and the obligation of each Participant under this Agreement is a several obligation and not a joint obligation with those of the other Participants.

18.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY

SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

18.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the Commission. Any such waiver by the Commission in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

18.6 Division of Responsibility. Neither the General Manager, the Parties to this Agreement, nor an entity acting on behalf of the Parties, shall be responsible for the transmission, control, use, or application of capacity and energy provided under this Agreement or the Facilities Schedules attached hereto on the receiving Party's side of such Party's point of interconnection and shall not, in any event, be liable for damage or injury to any person or property whatsoever, arising, accruing, or resulting from, in any manner, the receiving, transmission, control, use, application, or distribution by NCPA, or the Participants, or any Third Party acting on behalf of NCPA or the Parties, of said capacity and energy on the receiving Party's side of such Party's point of interconnection.

18.7 Amendments.

18.7.1 Amendments in General. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by

written instrument executed by the Parties with the same formality as this Agreement.

18.7.2 Approval and Amendment of Facilities Schedules. Any addition to, amendment to or termination of the Facilities Schedules attached hereto shall take effect after being approved by the Commission in a manner consistent with the voting procedures set forth in Section 3.6 of this Agreement, without the requirement of an approval of the individual Participants' governing bodies.

18.8 Assignment of Agreement.

18.8.1 Binding Upon Successors. This Agreement, including the Facilities Schedules, shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

18.8.2 No Assignment. This Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, where such consent shall not be unreasonably withheld. Without limiting the foregoing, this Agreement shall not be assigned by Plumas-Sierra Rural Electric Cooperative without the approval in writing of the Administrator of the Rural Electrification Administration Utilities Service.

18.9 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

18.10 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

18.11 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

18.12 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any Party shall be in writing, and shall either be personally delivered to a Participant's Commissioner or Alternate, or in the case of TID their Primary Representative or Alternate Representative, and to the General Manager, or shall be transmitted to the Participant and the General Manager at the addresses shown on the signature pages hereof. The designation of such addresses may be changed at any time by written notice given to the

General Manager who shall thereupon give written notice of such change to each Participant. All such notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication.

18.13 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such Participant evidencing approval of and authority to enter into this Agreement.

18.14 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

18.15 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

18.16 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

18.17 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 18.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

18.18 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties,

to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.



IN WITNESS WHEREOF, NCPA and each Participant have, by the  
signature of its duly authorized representative shown below, executed and  
delivered a counterpart of this Agreement.

NORTHERN CALIFORNIA  
POWER AGENCY  
651 Commerce Drive  
Roseville, CA 95678

CITY OF ALAMEDA  
2000 Grand Street  
P.O. Box H  
Alameda, CA 94501

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF BIGGS  
465 "C" Street  
Biggs, CA 95917

CITY OF GRIDLEY  
685 Kentucky Street  
Gridley, CA 95948

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF HEALDSBURG  
401 Grove Street  
Healdsburg, CA 95448

CITY OF LODI  
221 W. Pine Street  
Lodi, CA 95240

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF LOMPOC  
100 Civic Center Plaza  
Lompoc, CA 93436

CITY OF OAKLAND, acting  
by and through its  
Board of Port Commissioners  
530 Water Street  
Oakland, CA 94607

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: Port General Counsel  
Date: \_\_\_\_\_

CITY OF PALO ALTO  
250 Hamilton Avenue  
Palo Alto, CA 94301

PLUMAS-SIERRA RURAL  
ELECTRIC COOPERATIVE  
73233 Highway 70  
Portola, CA 96122

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

CITY OF ROSEVILLE  
311 Vernon Street  
Roseville, CA 95678

CITY OF SANTA CLARA  
1500 Warburton Avenue  
Santa Clara, CA 95050

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

SAN FRANCISCO BAY AREA RAPID  
TRANSIT DISTRICT  
300 Lakeside Drive, 16<sup>th</sup> Floor  
Oakland, CA 94612

CITY OF UKIAH  
300 Seminary Avenue  
Ukiah, CA 95482

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

TURLOCK IRRIGATION DISTRICT  
333 E. Canal Drive  
Turlock, CA 95380

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

## **FACILITIES SCHEDULE 1**

### **LIST OF PARTICIPANTS**

The following is a list of the Participants who are signatory to this Agreement:

City of Alameda  
City of Biggs  
City of Gridley  
City of Healdsburg  
City of Lodi  
City of Lompoc  
City of Oakland, acting by and through its Board of Port Commissioners  
City of Palo Alto  
City of Roseville  
City of Santa Clara  
City of Ukiah  
Plumas-Sierra Rural Electric Cooperative  
San Francisco Bay Area Rapid Transit District  
Turlock Irrigation District

## **FACILITIES SCHEDULE 2**

### **NCPA PROJECTS**

Each of the following Projects have been designated by the Commission as a NCPA Project, therefore subject to the terms and conditions of this Agreement:

North Fork Stanislaus River Hydroelectric Development Project

Combustion Turbine Project Number One

Combustion Turbine Project Number Two-Unit One

NCPA Geothermal Generating Unit #2 Project

Geothermal Generating Project Number 3

Seattle City Light Capacity and Energy Exchange Third Phase Agreement

Amended NCPA Green Power Project Third Phase Agreement

- NCPA Solar PV Project

## FACILITIES SCHEDULE 3

### BILLING PROCEDURE AND NCPA PROJECT COST DETERMINANTS

**Section 1. Billing Procedure.** NCPA will issue invoices to each Participant for its allocated share of Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs for services provided in accordance with this Agreement. Such invoices may be either the All Resources Bill or separate special invoice, as determined by NCPA. Notwithstanding the provisions of this Agreement, NCPA shall issue invoices to each Participant as further described in this Facilities Schedule 3.

1.1 Pre-Billing. Prior to each month, NCPA shall issue an invoice to each Participant for its estimated share of Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs for services provided in accordance with this Agreement. Estimated costs shall be invoiced in advance and are based on, but are not limited to, budgets, schedules, metering data, forecasted net purchases or sales of energy, forecasted congestion costs and estimates of power and related attribute prices, and charges from the CAISO pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

1.2 Adjustments and True-ups. From time to time, NCPA shall review and compare its estimate of costs as set forth in the Annual Budget against actual

costs incurred during the same period of time. In the event estimated costs invoiced to Participants substantially deviate from actual costs incurred by NCPA, NCPA shall adjust the amounts to be invoiced or credited to the Participants in subsequent billings, in the respective cost category, for the balance of the Fiscal Year, to ensure NCPA collects sufficient funds to cover all budgeted and actual costs.

A substantial deviation from cost estimates approved in the Annual Budget means a permanent variation from a major objective or parameter of plus or minus five percent (5%) or more, unless otherwise provided for in the Annual Budget. A permanent variation is one that is not expected to reverse at a later date during the same Fiscal Year.

1.3 Annual Billing True-Up. At the end of each Fiscal Year, as soon as actual data is available and the annual year-end audit is complete, NCPA shall true-up all invoices based on actual cost data and actual billing determinates. The amounts calculated to be over or under collected from the Participants during the Fiscal Year, measured against actual costs, will be debited or credited to Participants as follows:

- (i) a lump sum on future invoices to the Participant;
  - (ii) applied to a Participant's general operating reserve account;
- or



(iii) as otherwise directed by the Commission.

**Section 2. NCPA Project Costs and Billing.** Project Costs, Administrative Services Costs, scheduling coordination costs, and all other costs associated with services provided pursuant to this Agreement shall be reflected in the Annual Budget. The NCPA Project budgets included as part of the Annual Budget shall categorize costs as fixed and variable. Fixed costs are those Project Costs incurred that are not dependent on the output of the generating unit or plant (e.g., debt service and operating labor expenses). Variable costs are those Project Costs which are dependent on the electrical output of the generating unit or plant (e.g., fuel costs and operations and maintenance costs).

2.1 Cost Recovery. NCPA shall invoice monthly one-twelfth (1/12) of the budgeted costs for each NCPA Project to the Participants based on each Participant's Project Participation Percentage share; provided, however, costs associated with fuel, GHG Compliance Instruments, or other costs that are subject to market volatility and which may change substantially from month to month during the Fiscal Year shall be invoiced based on actual costs for the respective month, or NCPA's best estimate of such costs if actual costs are not known at the time the invoice is issued to the Participants. When estimated fuel, GHG Compliance Instruments or other costs are used, final adjustments for

actual costs shall be made in the annual billing true-up as provided in Section 1 of the Facilities Schedule 3.

**Section 3. Uniform System of Accounts.** NCPA shall keep accurate records and accounts for all costs attributed to each NCPA Project and the services provided under this Agreement. All Project Costs shall be kept in general accordance with the Uniform System of Accounts (“USofA”) for electric public utilities and licensees prescribed by FERC.

**FACILITIES SCHEDULE 4**  
**SHARED FACILITIES AND COST SHARING**

**Section 1.    Scope.** Project Participants desire to equitably share and use facilities and equipment common to two or more NCPA Projects, including the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC, for the purpose of reducing costs and improving efficiencies. Such Shared Facilities and the methods for how costs are to be shared among Project Participants shall be included in this Facilities Schedule 4.

**Section 2.    Definitions.**

2.1    Definitions. Unless defined in this Facilities Schedule 4, all terms used in this Facilities Schedule 4 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement.

2.1.1    “PPC” means the Participant Committee established in accordance with Section 8 of the Lodi Energy Center Power Sales Agreement.

2.1.2    “Shared Facilities” means the facilities as documented in this Facilities Schedule 4 and which may be revised from time to time based upon recommendations and approvals of the Facilities Committee, the PPC and the Commission.

**Section 3. Joint Use of Facilities.** NCPA and Project Participants may use, operate and maintain the Shared Facilities, according to the terms and conditions of this Agreement and the percentage allocation of costs associated with such Shared Facilities detailed in this Facilities Schedule 4. Nothing in this Agreement may be construed to create a lease, sale or other disposition of real or personal property of NCPA.

**Section 4. Use of Shared Facilities.** As applicable, the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects will utilize the Shared Facilities and equipment as listed in this Facilities Schedule 4. In addition thereto, the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects and personnel will have:

- (i) vehicular and pedestrian access rights;
- (ii) use of Shared Facilities for the purpose of locating, accessing, operating, maintaining, repairing and replacing pipelines;
- (iii) access for locating, accessing, operating, constructing, maintaining, repairing and replacing the steam pipeline(s), natural gas pipeline(s) and any associated equipment currently on the Combustion Turbine Project No. 2 and/or LEC sites or to be installed in the future;
- (iv) access to the office building currently on the Combustion Turbine Project No. 2 site for the installation, use, maintenance, repair and

replacement of process control systems and related computer hardware associated with the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects;

(v) access to the Shared Facilities for the purpose of locating, operating, repairing and replacing such improvements as may be necessary from time to time; and

(vi) personnel associated with Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC shall provide reasonable notice, each to the other, regarding any work to be conducted consistent with the above.

**Section 5. Shared Facilities Cost Allocation.** Shared Facilities costs shall be allocated among the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC in one or more of the following ways, pursuant to this Facilities Schedule 4:

(i) headcount allocated to each project;

(ii) project capacity;

(iii) actual usage of Shared Facilities; or

(iv) such other allocation methodology as may be determined in this Facilities Schedule 4.

The Shared Facilities cost allocation set forth in this Facilities Schedule 4 may be revised from time to time when operational conditions or factors used for

the cost allocation(s) change. In such event, the PPC and the Facilities Committee will provide their respective recommendations and approvals to the Commission regarding any proposed modifications to the allocations set forth in this Facilities Schedule 4. Until such revisions as proposed by the PPC and the Facilities Committee are approved by the Commission, the cost allocation(s) set forth in this Facilities Schedule 4 will be used to allocate Shared Facilities costs among the Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects, irrespective of the basis used for cost allocation as listed in this Facilities Schedule 4, including those allocations that are based on estimated usage.

**Section 6.     Other Costs.** The Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects will each be solely responsible for the payment of any and all taxes, insurance, utilities, maintenance, improvements and labor directly attributable to the construction, operation and maintenance of the respective projects. The Combustion Turbine Project No. 1, Combustion Turbine Project No. 2 and LEC projects must pay the Shared Facilities cost allocations imposed on such projects as detailed in this Facilities Schedule 4.

**Section 7.     Sale of Shared Facilities.** In the event NCPA seeks to sell any of the Shared Facilities the Combustion Turbine Project No. 1, Combustion Turbine

Project No. 2 and LEC projects must be given reasonable notice and an opportunity to purchase such Shared Facilities.

**Section 8. Shared Facilities and Allocation**

Facility	Cost Allocation to NCPA Project %			
	CT1	CT2	LEC	Total
MW Capacity	75.0	49.9	280.0	404.9
Capacity CT1, CT2, LEC %	18.52%	12.32%	69.15%	100.00%
Capacity CT2, LEC %	0.00%	15.13%	84.87%	100.00%
<b>Headcount for FTE-2012</b>	3.0	4.5	17.5	25.0
Headcount % CT1, CT2, LEC	12.00%	18.00%	70.00%	100.00%
Cooling Tower Usage CT2/LEC (based on calculation below)	0.00%	0.00%	100.00%	100.00%
Vehicle Usage CT1/CT2/LEC (based on estimated usage)	90.00%	5.00%	5.00%	100.00%
<b>Anhydrous Ammonia System</b>				
Fixed O&M, Capital (based on Capacity CT2, LEC %)	0.00%	15.13%	84.87%	100.00%
Variable O&M CT2/LEC (based on actual Ammonia usage)		Usage	Usage	
<b>Administration / Warehouse Building</b>				
O&M, Capital (based upon Headcount % CT1, CT2, LEC)	12.00%	18.00%	70.00%	100.00%
<b>Fire System</b>				
O&M, Capital (based on Capacity CT2, LEC %)	0.00%	15.13%	84.87%	100.00%
<b>230 KV Switchyard (Common Equip)</b>				
O&M, Capital (based on Capacity CT2, LEC %)	0.00%	15.13%	84.87%	100.00%
<b>Tooling and Special Equipment</b>				
(based on Headcount % CT1, CT2, LEC)	12.00%	18.00%	70.00%	100.00%

**Cooling Tower/Closed Cooling Water/Injection Well Systems**

O&amp;M, Capital (based on Cooling

Tower Usage CT2/LEC)	0.00%	0.00%	100.00%	100.00%
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**Vehicle Usage**

O&amp;M, Capital (based on Vehicle

Usage CT1/CT2/LEC)	90.00%	5.00%	5.00%	100.00%
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Cooling Tower CT2/LEC Usage Calculation:

## Inputs

 $S_h$  = Number of Operating Hours of CT2 $L_h$  = Number of Operating Hours of LEC

## Constants

 $S_f$  = Design flowrate for CT2 cooling water = 4,416 GPM $L_f$  = Design flowrate for LEC cooling water = 64,584 GPM

## Formula

$$\text{CT2 Percentage} = S_{\%} = \frac{(S_h * S_f)}{(S_h * S_f) + (L_h * L_f)} * 100$$

$$\text{LEC Percentage} = L_{\%} = 100 - S_{\%}$$



## FACILITIES SCHEDULE 5

### COMBUSTION TURBINE PROJECT NO. 1 OPERATING PROCEDURES

**Section 1. General Operating Criteria.** The following general operating criteria are applicable to the operation of the Combustion Turbine Project No. 1 generation facilities (hereinafter referred to as the “CT1 Project”). The General Manager, or his or her designee, shall act as project manager for the CT1 Project on behalf of the Project Participants.

1.1 Good Utility Practice. The CT1 Project shall be operated in accordance with Good Utility Practice.

1.2 Licenses and Regulatory Criteria. The CT1 Project shall be operated in accordance with all license and regulatory requirements that are applicable to the CT1 Project (e.g., air permit restrictions).

1.3 CT1 Project Statistics. The following are general CT1 Project statistics:

<u>Resource Name</u>	<u>Resource ID</u>	<u>Pmax</u>	<u>Pmin</u>
Alameda GT Unit 1	ALMEGT_1_UNIT 1	23.9 MW	22.8 MW
Alameda GT Unit 2	ALMEGT_1_UNIT 2	25.4 MW	24.4 MW
Lodi Gas Turbine	LODI25_2_UNIT 1	25.3 MW	22.2 MW

**Section 2. Scheduling Criteria.**

2.1 Schedule Coordination. NCPA shall act as Scheduling Coordinator for the CT1 Project, and perform such duties in accordance with the Amended and Restated Scheduling Coordination Program Agreement.

2.2 Scheduling Criteria and Project Coordination. Each Project Participant, acting as an Operating Entity, shall schedule and bid its Project Participation Percentage share of capacity, energy, and/or other project attributes in any manner, and shall coordinate the scheduling of its Project Participation Percentage share of the CT1 Project with NCPA; provided, however, that such schedules or bids shall be consistent with licensing and regulatory criteria, operational limitations, all established scheduling requirements, including, but not limited to, those requirements set forth in the CAISO Tariff and as determined by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement, and the provisions of the respective Project Agreement. NCPA may act as Operating Entity on behalf of a Project Participant or a group of Project Participants, pursuant to separate agreement.

2.3 Test Energy. All energy generated for testing purposes shall be allocated in proportion to each Project Participant's Project Participation Percentage share of the CT1 Project.

2.4 Allocation of Project Output. All output of the CT1 Project, including capacity, energy and/or other project attributes shall be allocated

among the Project Participants in accordance with the Project Agreement and the Amended and Restated Scheduling Coordination Program Agreement.

2.5 Outage Coordination. Prior to the beginning of each Fiscal Year the project manager shall prepare and submit for approval to the Facilities Committee a planned outage schedule for the CT1 Project. Changes or modifications made to the planned outage schedule during the course of the Fiscal Year shall be subsequently reported in a timely manner to each Project Participant. NCPA shall provide outage coordination services to track and report planned and unplanned outages pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

2.6 Emergency Operation. The City of Alameda or Lodi may request that the CT1 Project unit or units physically located within their respective distribution systems be operated in the case of an unusual event (e.g., approaching distribution system loading limitations, loss of transmission services, etc.). Such request shall be made from the Project Participant to the NCPA dispatch center. Prior to approving a submitted request, NCPA shall review the impact such request may have on prior commitments of NCPA and/or the Project Participants associated with the CT1 Project, including, but not limited to, Project Participant own load requirements, contractual commitments, bids submitted to and awards received from the CAISO, to determine the feasibility of such request. All costs

related to emergency operations of the CT1 Project shall be borne by the requesting Project Participant.

**Section 3. Natural Gas Fuel Supply.**

3.1 General. The CT1 Project consumes natural gas as a fuel in order to generate electric power for the benefit of the Project Participants. Section 3 of this Facilities Schedule 5 describes the terms and conditions under which NCPA will procure natural gas fuel for the CT1 Project.

3.2 Economic Dispatch and Daily Fuel Requirements. The CT Project consists of three (3) peaking generators, two (2) of which are located in the City of Alameda, and one (1) of which is located in the City of Lodi. Unless called upon to insure reliability by the CAISO, each generator is economically dispatched in accordance with this Facilities Schedule 5. In either case the fuel supply requirements of the CT1 Project are met through NCPA's contractual relationship with a supplier for index based gas delivery. The cost of fuel procured for the CT1 Project will be allocated to the Project Participants in accordance with the Project Agreement, this Agreement, and the Amended and Restated Scheduling Coordination Program Agreement.

3.3 Forward Natural Gas Procurement and Financial Hedging. In the normal course of business NCPA does not execute forward natural gas transactions for the potential fuel supply needs of the CT Project, due to the

inherent uncertainty in forecasting fuel supply requirements for small peaking generators. No financial hedges for fuel supply costs associated with the CT Project will be implemented pursuant to this Facilities Schedule 5. NCPA may assist any Project Participant that desires to procure natural gas in advance for anticipated CT1 Project fuel supply requirements, upon written request of a Project Participant, provided that NCPA and the requesting Project Participant have executed a separate agreement for such purposes.

3.4 Fuel Supply Management and Scheduling. Natural gas fuel consumed by the CT1 Project must be scheduled and transported to each generator site. To obtain necessary scheduling and transportation rights and services the Commission may periodically authorize contracts with Third Parties and/or authorize subscriptions for transportation and storage services under pipeline tariffs in accordance with procurement policies and procedures established by the Commission.

**FACILITIES SCHEDULE 6**  
**GEOHERMAL PROJECT OPERATING PROCEDURES**

**Section 1.    General Operating Criteria.** The following general operating criteria are applicable to the operation of the Geothermal Project No. 2 and No. 3 generation facilities (hereinafter referred to as the “Geothermal Project”). The General Manager, or his or her designee, shall act as project manager for the Geothermal Project on behalf of the Project Participants.

1.1    Good Utility Practice. The Geothermal Project shall be operated in accordance with Good Utility Practice.

1.2    Licenses and Regulatory Criteria. The Geothermal Project shall be operated in accordance with all license and regulatory requirements that are applicable to the Geothermal Project.

1.3    Geothermal Operating Agreement. The Geothermal Project shall be operated in a manner consistent with the Amended and Restated Geothermal Project Operating Agreement between Northern California Power Agency and the Geothermal Project Participants, dated as of April 1, 2011 (hereinafter referred to as the “Geothermal Operating Agreement”). The operating procedures contained in this Facilities Schedule 6 are stated to further define and clarify the principles and procedures contained in the Geothermal Operating Agreement.

1.4 Geothermal Project Statistics. The following are general

Geothermal Project statistics:

<u>Resource Name</u>	<u>Resource ID</u>	<u>Pmax</u>	<u>Pmin</u>
NCPA Geo Plant 1 Unit 1	NCPA_7_GP1UN1	38.85 MW	20 MW
NCPA Geo Plant 1 Unit 2	NCPA_7_GP1UN2	34 MW	20 MW
NCPA Geo Plant 2 Unit 3	NCPA_7_GP2UN3	42.42 MW	15 MW
NCPA Geo Plant 2 Unit 4	NCPA_7_GP2UN4	52.73 MW	15 MW

**Section 2. Scheduling.**

2.1 Schedule Coordination. NCPA shall act as Scheduling Coordinator for the Geothermal Project, and perform such duties in accordance with the Amended and Restated Scheduling Coordination Program Agreement.

2.2 Scheduling Criteria and Project Coordination. Each Project Participant, acting as an Operating Entity, shall schedule and bid its Project Participation Percentage share of capacity, energy, and/or other project attributes in accordance with the Geothermal Operating Agreement, and shall coordinate the scheduling of its Project Participation Percentage share of the Geothermal Project with NCPA; provided, however, that such schedules or bids shall be consistent with licensing and regulatory criteria, operational limitations, all established scheduling requirements, including, but not limited to, those requirements set forth in the CAISO Tariff and as determined by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement,

and the provisions of the Geothermal Operating Agreement and respective Project Agreement. NCPA may act as Operating Entity on behalf of a Project Participant or a group of Project Participants, pursuant to separate agreement.

2.3 Allocation of Project Output. All output of the Geothermal Project, including capacity, energy and/or other project attributes shall be allocated among the Project Participants in accordance with the Project Agreement, the Geothermal Operating Agreement and the Amended and Restated Scheduling Coordination Program Agreement.

2.4 Outage Coordination. Notwithstanding the provisions of the Geothermal Operating Agreement, prior to the beginning of each Fiscal Year the project manager shall prepare and submit for approval to the Facilities Committee a planned outage schedule for the Geothermal Project. Changes or modifications made to the planned outage schedule during the course of the Fiscal Year shall be subsequently reported in a timely manner to each Project Participant. NCPA shall provide outage coordination services to track and report planned and unplanned outages pursuant to the Amended and Restated Scheduling Coordination Program Agreement.



**FACILITIES SCHEDULE 7**  
**NORTH FORK STANISLAUS RIVER HYDROELECTRIC DEVELOPMENT**  
**PROJECT OPERATING PROCEDURES**

**Section 1.    Definitions.** Unless defined in this Facilities Schedule 7, all terms used in this Facilities Schedule 7 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement.

1.1    “Big Trees Flow Requirement” means the quantity of flow which must be maintained in the North Fork Stanislaus River at Big Trees State Park in accordance with the provisions of the FERC License.

1.2    “Collierville Capacity” means the maximum generating capability of the Collierville power plant at any time under then existing conditions.

1.3    “Collierville Minimum Generation” means the minimum loading of one unit at the Collierville power plant necessary to supply the required consumption of the motoring unit or station power consumption as determined through testing.

1.4    “Dry Water Conditions” means the period of historic record during which the Hydroelectric Project could produce minimum project generation usable to supply Operating Entities’ load requirements.

1.5 “FERC License” means the license awarded by FERC for construction and operation of the North Fork Stanislaus River Hydroelectric Development Project, FERC Project Number 2409.

1.6 “Forecast Project Inflow” means the amount of Project Inflow for a period of one month or less based on hydrometeorologic forecast methods considering current flows, antecedent flows, snow pack measurements, antecedent precipitation, forecast precipitation, and forecast air temperatures.

1.7 “McKays Inflow” means the total inflow to McKays Diversion Dam including flows diverted from Beaver Creek via the Beaver Creek Diversion Tunnel.

1.8 “McKays Minimum Outflow Requirement” means the sum of the following minimum flow obligations: (i) required minimum downstream flow below McKays Diversion Dam, (ii) required diversions to Utica Water and Power Authority (“UWPA”) and Calaveras County Water District (“CCWD”), and (iii) supplemental releases below McKays Diversion Dam to satisfy minimum flow requirements at the confluence of the North Fork Stanislaus River and Beaver Creek.

1.9 “McKays Minimum Pool” means the minimum levels to which McKays Reservoir will be drawn down under various operating conditions.

1.10 “McKays Non-Storage-Regulated Inflow” means the inflow to McKays Diversion Dam from NSM Non-Storage-Regulated Releases.

1.11 “McKays Storage-Regulated Inflow” means the inflow to McKays Diversion Dam from NSM Storage-Regulated Releases.

1.12 “McKays Pondage” means the amount of usable storage at McKays Diversion Dam for reregulating McKays Inflow.

1.13 “NSM” means New Spicer Meadow.

1.14 “NSM Capacity” means the maximum generating capability of the NSM power plant at any time under then existing conditions.

1.15 “NSM Generation” is the total amount of capacity and energy produced by the NSM power plant.

1.16 “NSM Minimum Flow Requirements” means the quantity of flow which must be maintained in the North Fork Stanislaus River at NSM in accordance with the provisions of the FERC License.

1.17 “NSM Minimum Release Rule Curve Storage” means the quantity of water of NSM Storage which must be retained in NSM Storage to ensure that the Project can satisfy NSM Minimum Release Requirements under Dry Water Conditions.

1.18 “NSM Minimum Release Requirements” means the amount of water which must be released from NSM Storage to supply or supplement the

greater of (i) NSM Minimum Flow Requirements, (ii) Big Tree Flow Requirements, or (iii) McKays Minimum Outflow Requirements.

1.19 “NSM Non-Storage-Regulated Release” means the quantity of water which must be released from NSM Storage to supply the NSM Minimum Release Requirement.

1.20 “NSM Spill Prevention Rule Curve Storage” means the minimum quantity of water in NSM Storage which the project manager determines can be held in NSM Storage and assure refill based on conservative forecasts of runoff using snow pack measurements and long-range precipitation forecasts. NSM Spill Prevention Rule Curve Storage may be less than the NSM Minimum Release Curve Storage.

1.21 “NSM Storage” means the usable storage above NSM Dam for reregulating Project Inflow.

1.22 “NSM Storage-Regulated Release” means the quantity of water released from NSM Storage in excess of NSM Non-Storage-Regulated Releases to satisfy the generation schedules of the Operating Entities.

1.23 “Project Capacity” means the sum of the Collierville Capacity and the NSM Capacity.

1.24 “Project Inflows” means each of the following inflows to the Hydroelectric Project: (i) natural inflow to NSM reservoir from Highland Creek;

(ii) natural flows diverted from the North Fork Stanislaus River at the North Fork Diversion Dam to NSM reservoir; (iii) bypassed flows and spill at the North Fork Diversion Dam; (iv) natural inflows below NSM Dam on Highland Creek and below the North Fork Diversion Dam to the McKays Diversion Dam on the North Fork Stanislaus River; and (v) natural flows diverted from Beaver Creek to the McKays Diversion Dam at the Beaver Creek Diversion Structure.

1.25 “Project Obligations” means the obligations of the Hydroelectric Project as defined in the FERC License and agreements with local water districts and other governmental entities as applicable.

1.26 “Project Minimum Flow Obligations” are the minimum flows to be maintained at specified locations as provided in the FERC License.

1.27 “Regulation Study” means a study to determine the maximum monthly loads of an Operating Entity or of all Operating Entities which can be supplied by monthly Project Inflows when such flows are regulated by NSM Storage and the Hydroelectric Project is operated to satisfy Project Obligations under the FERC License.

**Section 2. General Operating Criteria.** The following general operating criteria are applicable to the operation of the North Fork Stanislaus River Hydroelectric Development Project generation facilities (hereinafter referred to as the “Hydroelectric Project”). The General Manager, or his or her designee,

shall act as project manager for the Hydroelectric Project on behalf of the Project Participants.

2.1 Good Utility Practice. The Hydroelectric Project shall be operated in accordance with Good Utility Practice.

2.2 Licenses and Regulatory Criteria. The Hydroelectric Project shall be operated in accordance with all license and regulatory requirements that are applicable to the Hydroelectric Project, including the FERC License.

2.3 Data Requirements. NCPA shall strive to maintain an accurate accounting of all Hydroelectric Project measurements and data, as described in this Facilities Schedule 7, which are used to manage and allocate the output of the Hydroelectric Project; provided, however, if due to failure of equipment, data transfer error or other condition in which Hydroelectric Project measurements and data are found to be incorrect, NCPA will develop and use estimated measurements and data pursuant to Good Utility Practice to perform its obligations pursuant to this Facilities Schedule 7, until such deficiency can be corrected.

2.4 Hydroelectric Project Statistics. The following are general Hydroelectric Project statistics:

<u>Resource Name</u>	<u>Resource ID</u>	<u>Pmax</u>	<u>Pmin</u>
Collierville Hydro Unit 1 & 2 Aggregation	COLVIL_7_PL1X2	246.86 MW	3 MW
Spicer Hydro Units 1-3 Aggregation	SPICER_1_UNITS	6 MW	0.1 MW

### **Section 3.    Forecasting Project Storage and Use**

3.1    Seasonal Runoff Forecasts. On or before the seventh (7<sup>th</sup>) Business Day of each month, December through May, the project manager will prepare a forecast of spring runoff based on hydrometeorology data including measurements of snow pack depth and water content and long-range forecasts of future precipitation. An analysis will be made to determine NSM Spill Prevention Rule Curve Storage required at the end of subsequent months through June to assure NSM Storage refill. For the period June-November, the project manager will provide a forecast based on historical information. NSM Spill Prevention Rule Curve Storage may be less than the NSM Minimum Release Rule Curve Storage. The project manager shall provide copies of all such forecasts and NSM Spill Prevention Rule Curve Storage data to the Facilities Committee for review and comment.

3.2    Long Term Schedules. Based on the information developed pursuant to Section 3.1 of this Facilities Schedule 7, and at least 10 Calendar Days prior to the start of each month for the periods described herein, each Operating Entity shall, at the request of the project manager, submit to the project manager forecasted monthly energy requirements as follows:

(i) before November of each year a schedule of monthly energy requirements for the following 14 months;

(ii) in the storage refill period before each month from January through June, changes in schedules of monthly energy requirements for the remainder of the calendar year;

(iii) in the storage draft period before each month from July through December, changes in schedules of its forecast monthly energy requirements to the end of the calendar year or for the following four (4) months, whichever is longer.

The project manager shall prepare a Regulation Study based on the Forecast Project Inflows to determine the forecast Hydroelectric Project operation of each Project Participant's Project Participation Percentage share of NSM Storage, and the total Hydroelectric Project generation for the following month based on Forecast Project Inflows. The project manager shall transmit to each Operating Entity the results of the Regulation Study for its respective Project Participation Percentage share of the Hydroelectric Project, and for the total Hydroelectric Project, within three (3) Business Days of receipt of the information supplied by the Operating Entities, including any revision made thereto.

**Section 4.   Scheduling.**



4.1 Schedule Coordination. NCPA shall act as Scheduling Coordinator for the Hydroelectric Project, and perform such duties in accordance with the Amended and Restated Scheduling Coordination Program Agreement.

4.2 Scheduling Criteria and Project Coordination. Each Project Participant, acting as an Operating Entity, shall schedule and bid its Project Participation Percentage share of capacity, energy, and/or other project attributes in any manner, and shall coordinate the scheduling of its Project Participation Percentage share of the Hydroelectric Project with NCPA; provided, however, that such schedules or bid shall be consistent with licensing and regulatory criteria, operational limitations, all established scheduling requirements, including, but not limited to, those requirements set forth in the CAISO Tariff and as determined by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement, and the provisions of the respective Project Agreement. NCPA may act as Operating Entity on behalf of a Project Participant or a group of Project Participants, pursuant to separate agreement. The following specific scheduling criteria shall also apply to the Hydroelectric Project:

(i) each Operating Entity shall be entitled to schedule its Project Participation Percentage share of the Hydroelectric Project using its Project Participation Percentage share of Project Capacity, Project Inflow, NSM Storage,

and McKays Pondage after satisfying its Project Participation Percentage share of Project Obligations;

(ii) if the NSM Storage of an Operating Entity is equal to or less than its Project Participation Percentage share of NSM Minimum Release Rule Curve Storage, its generation schedule will be limited to its Project Participation Percentage share of NSM Non-Storage-Regulated Releases;

(iii) each Operating Entity shall be responsible for supplying its Project Participation Percentage share of NSM Non-Storage-Regulated Releases from its Project Participation Percentage share of NSM Storage;

(iv) each Operating Entity shall schedule its allocation of NSM Generation based on its NSM Non-Storage-Regulated Releases each day;

(v) each Operating Entity will be entitled to use its Project Participation Percentage share of McKays Pondage to reregulate its allocations of McKays Non-Storage-Regulated Inflow and McKays Storage-Regulated Inflow to satisfy its load requirements or other commitments;

(vi) the project manager, from time to time, will work with the Operating Entities and the Facilities Committee to identify McKays Minimum Pool, the applicable operating conditions and the associated minimum reservoir levels; the McKays Minimum Pool levels are established taking into account the Hydroelectric Project operational limitations, Project Minimum Obligations, the

amount of useable entitlement possible in the reservoir, and other criteria as appropriate; once established, Project Participants shall not draw down their Project Participation Percentage share of the McKays Reservoir below their Project Participation Percentage share of McKays Minimum Pool under any circumstances;

(vii) the Operating Entities will coordinate the operation of the NSM power plant and the Collierville power plant to maintain the McKays Pondage to strive to maximize the value of energy and ancillary services from the Hydroelectric Project.

4.3 NSM Minimum Release Obligations. The project manager shall perform a Regulation Study to determine the NSM Minimum Release Rule Curve Storage required to satisfy Project Minimum Flow Obligations under Dry Water Conditions. An Operating Entity shall not draw on its Project Participation Percentage share of NSM Storage below its Project Participation Percentage share of NSM Minimum Release Rule Curve Storage except when the established NSM Spill Prevention Rule Curve Storage is below the NSM Minimum Release Rule Curve Storage level. The Regulation Study and the NSM Minimum Release Rule Curve Storage for each Operating Entity, and in total for the Hydroelectric Project, shall be reviewed by the Facilities Committee.

4.4 Minimum Flow Obligations. Each Operating Entity shall be responsible for supplying its Project Participation Percentage share of Project Minimum Flow Obligations. If the sum of the Collierville generation preschedules of the Operating Entities during any interval of the day is less than the sum of the Collierville Minimum Generation, the project manager will coordinate with the Operating Entities and adjust the collective preschedules of the Operating Entities to meet the Collierville Minimum Generation.

4.5 Unscheduled Generation. If an Operating Entity does not schedule its Project Participation Percentage share of the Hydroelectric Project for use in its own system, or for sale to others, with the permission of that Operating Entity arranged through the project manager, the other Operating Entities may schedule such generation for their respective systems, or for sale to others. If more than one Operating Entity requests that such unscheduled generation be added to its schedule, the unscheduled generation shall be allocated in proportion to the each Operating Entity's Project Participation Entitlement share of the requesting Operating Entities.

4.6 Minimum Generation Transfers. At any time that the Hydroelectric Project is being operated at the minimum generation level to meet regulatory or operating requirements, and one Operating Entity has scheduled or is willing to schedule generation associated with such minimum generation, any other

Operating Entity may arrange with that Operating Entity to schedule output of the Hydroelectric Project that such Operating Entity would otherwise be required to schedule, upon agreement of the Operating Entities and appropriate notification to the project manager.

The responsibility for all arrangements in connection with any such transfers shall rest with the Operating Entities involved. Unless otherwise agreed by the Operating Entities and the project manager, the project manager shall have no obligation in connection with the transaction beyond operating the Hydroelectric Project to meet schedules provided and authorized by the Operating Entities.

4.7 Outage Coordination. Prior to the beginning of each Fiscal Year the project manager shall prepare and submit for approval to the Facilities Committee a planned outage schedule for the Hydroelectric Project. Changes or modifications made to the planned outage schedule during the course of the Fiscal Year shall be subsequently reported in a timely manner to each Project Participant. NCPA shall provide outage coordination services to track and report planned and unplanned outages pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

**Section 5. Project Accounting.**

5.1 General Considerations. The primary objective of project accounting is to record and account for each Operating Entity's use of its Project Participation Percentage share of Project Inflow, NSM Storage, McKays Pondage, and Hydroelectric Project generation to satisfy its share of Project Minimum Flow Obligations as defined in the FERC License.

5.2 Criteria. A generation account, a NSM Storage account, and a McKays Pondage account will be established for each Operating Entity. The generation account, the McKays Pondage account and the NSM Storage account will follow a 2400 clock hour.

5.3 Required Models. Project accounting will include four basic models as follows:

- (i) Flow Calculation;
- (ii) Generation Accounting;
- (iii) NSM Storage Accounting;
- (iv) McKays Pondage Accounting.

The four models will be run in the above sequence and make the following determinations:

5.3.1 Flow Calculation. Flow calculations will determine the non-storage-regulated and storage-regulated flows available for power generation at the NSM power plant and at the Collierville power plant.

Non-storage-regulated flows include releases from NSM Storage to satisfy the project FERC License requirements and unregulated flows entering the North Fork Stanislaus River below the NSM Dam and above the McKays Diversion Dam. Flow calculations will be made in accordance with Appendix A of this Facilities Schedule 7.

5.3.2 Generation Accounting. Generation accounting will determine the quantity of project generation produced by each Operating Entity. Generation accounting will be calculated in accordance with Appendix B of this Facilities Schedule 7.

5.3.3 NSM Storage Accounting. Storage accounting will determine the amounts of NSM Storage for each Operating Entity. Storage accounting will be calculated in accordance with Appendix C of this Facilities Schedule 7.

5.3.4 McKays Pondage Accounting. McKays Pondage accounting will determine the amounts of McKays Pondage for each Operating Entity based on:

(i) the Operating Entity's allocation of McKays Non-Storage-Regulated Inflow;

(ii) the Operating Entity's allocation of McKays Storage-Related Inflow; and

(iii) the Operating Entity's allocation of Collierville generation.

McKays Pondage accounting will be calculated in accordance with Appendix D of this Facilities Schedule 7.

5.4 Project Flow Determinations. Each day the project manager will determine Hydroelectric Project flows required for NSM Storage accounting as described in Appendix A of this Facilities Schedule 7, and will provide to each Operating Entity a report on Hydroelectric Project flow determination including the following items:

- (a) UPA and CCWD project diversions;
- (b) McKays downstream releases including spill;
- (c) McKays Minimum Outflow Requirements (a + b);
- (d) Collierville discharge;
- (e) total McKays outflow (c + d);
- (f) McKays Pondage change;
- (g) McKays Inflow (e + f);
- (h) McKays Storage-Regulated Inflow;
- (i) McKays Non-Storage-Regulated Inflow;
- (j) Beaver Creek diverted flow;
- (k) Big Trees Flow Requirements (g – h);
- (l) NSM power plant discharge;



- (m) NSM outlet works discharge;
- (n) total NSM release ( $l + m$ );
- (o) NSM Storage change;
- (p) NSM inflow ( $n + o$ );
- (q) total NSM Non-Storage-Regulated Release; and
- (r) total NSM Storage-Regulated Release.

Additionally, any two (2) Operating Entities, by mutual consent, may trade water in McKays Reservoir, and make a simultaneous offsetting reverse trade of their NSM Storage. The quantity of the offsetting trade at NSM is reduced by eight percent (8%) to compensate the Operating Entity trading away at NSM for the loss of the opportunity to generate with that water through the NSM power plant.

## FACILITIES SCHEDULE 7

### APPENDIX A

#### FLOW CALCULATIONS

**Section 1. Definitions.** Unless defined in this Appendix A of Facilities Schedule 7, all terms used in this Appendix A of Facilities Schedule 7 with initial capitalization shall have the same meaning as those contained in Section 1 or Facilities Schedule 7 of this Agreement.

1.1 “Bank Storage” means the storage within the banks of a river stretch resulting from the change in river stage at different flows. Filling and emptying of Bank Storage results in time delays between changes in discharge at NSM Dam and the corresponding changes in observed flow at McKays. Bank Storage in all stretches of the river below NSM is represented as an imaginary pondage reservoir above McKays.

1.2 “NSM Storage-Regulated-Flows” means releases into Bank Storage from NSM Reservoir exclusively to produce power at the NSM power plant or to produce power or ancillary services at the Collierville power plant.

1.3 “NSM Non-Storage-Regulated-Flows” means releases into Bank Storage from the NSM Reservoir to satisfy Project Minimum Flow Obligations including: (i) minimum flows below NSM Dam, (ii) minimum flows at Big Trees State Park, (iii) required Mill Creek Tap Diversion; (iv) minimum flows below

McKays Point Dam, (v) minimum flows below the confluence of Beaver Creek and the North For Stanislaus River, and (vi) NSM spill.

1.4 “Unregulated Flow” means unregulated flow into McKays including the following: (i) inflow to the North Fork Stanislaus River below NSM Dam and below the North Fork Diversion Structure, (ii) North Fork Diversion Structure spill and fish release, and (iii) Beaver Creek diverted flows.

**Section 2. Basic Hydro Data.** All flow calculations will be based on the following measurements:

(i) NSM releases include the following:

- a. NSM power plant discharge;
- b. NSM outlet works discharge; and
- c. NSM spill;

(ii) NSM Reservoir elevation;

(iii) McKays Pondage inflows, including:

- a. Avery gauge; and
- b. Beaver Creek diverted flow measurement;

(iv) McKays Pondage outflows, including:

- a. Collierville power plant discharge;
- b. Mill Creek Tap diversions;
- c. McKays downstream fish release; and

d. McKays spill;

(v) Stream gauge below McKays Dam – indirect spill calculation

only;

(vi) McKays Pond elevation.

**Section 3. General Procedure.**

(i) All flows will be calculated and routed through the system using the model described herein.

(ii) The model will be considered to comprise three subsystems as follows:

a. NSM subsystem;

b. McKays subsystem; and

c. Bank Storage subsystem.

(iii) The Bank Storage subsystem will serve as a substitute for the effect of natural bank storage within the river system between NSM Dam and McKays Dam to represent travel time.

**Section 4. Routing.**

4.1 Routing Interval. A basic routing interval of one-half hour is used. Computations will be based on average water and power flows recorded over the routing interval.

4.2 Routing Criteria. The following criteria will be used in flow routing:

(i) Bank Storage outflow will be assumed to come:

a. First from Bank Storage of NSM Non-Storage-Regulated Flow; and

b. Second from Bank Storage of NSM Storage-Regulated Flow.

(ii) Big Trees flow in excess of available Bank Storage will be assumed to be Unregulated Inflow into McKays.

## **Section 5. Flows.**

### **5.1 McKays Flows.**

(i) Determine McKays outflow from McKays Pondage as the sum of Collierville discharge, Mill Creek Tap diverted flow, McKays fish release and McKays spill.

(ii) Determine McKays Inflow as the sum of McKays outflow plus the change in McKays Pondage.

(iii) McKays minimum outflow is the sum of the flow diverted from the Mill Creek Tap and the McKays fish release.

(iv) Determine Big Trees flows as McKays Inflow less Beaver Creek diverted flow.

## 5.2 NSM Flows.

(i) Determine NSM release as the sum of NSM power plant discharge, NSM outlet works discharge and NSM spill.

(ii) Determine NSM inflow as the sum of NSM release and the change in NSM Storage.

## 5.3 Bank Storage Flows.

(i) Bank Storage inflow is equal to the sum of NSM Storage less NSM Storage-Regulated Releases and NSM Non-Storage-Regulated Releases.

(ii) Bank Storage is accumulated in those routing intervals when Bank Storage inflow is greater than Big Trees flow. Bank Storage for each Operating Entity will be classified and accumulated as non-storage-regulated or storage-regulated, in accordance with the classification of the release from NSM.

(iii) Bank Storage outflow is used to supply Big Trees flow.

(iv) If there is not sufficient Bank Storage to supply all of the Big Trees flow, then the balance of the Big Tree flow is assumed to be Unregulated Inflow directly into McKays and not through Bank Storage.

(v) In accordance with the routing criteria stated herein, all non-storage-regulated water in Bank Storage is depleted before any storage-regulated water is released.

**FACILITIES SCHEDULE 7**  
**APPENDIX B**  
**GENERATION ACCOUNTING**

**Section 1.   General Considerations.** Project generation may be placed in three principal categories:

1.1      Generation which must be produced at the Collierville power plant:

(i) to discharge unregulated flows entering the North Fork Stanislaus River below NSM Dam or below the North Fork Diversion Structure including Beaver Creek Diversion discharge; or

(ii) to discharge North Fork Diversion Dam spill or NSM spill through the Collierville power plant.

1.2      Generation produced at the NSM power plant resulting from the release of NSM Storage to satisfy minimum release requirements of the FERC License.

1.3      Generation produced at the NSM and Collierville power plant resulting from the release of storage to meet the energy and ancillary service requirements of the Operating Entities.

**Section 2.   Generation Accounting.**

2.1 Operating Entity Responsibilities. Each Operating Entity is responsible for submitting NSM water release schedules, NSM energy schedules, Collierville energy schedules, ancillary service self-provision schedules and bids to the project manager in the time frames as specified in the Amended and Restated Scheduling Coordination Program Agreement. Each Operating Entity's pre-scheduled daily NSM water release schedules will be developed by the project manager based on each Operating Entity's estimate of Collierville energy use for that day. Each Operating Entity shall provide an estimate of total daily Collierville energy use no later than 07:00 each pre-scheduling day. NSM water release schedules can be adjusted for future hours, but not for the currently active hour, and not retroactively. Energy and ancillary service schedules must follow the scheduling protocols of the CAISO Tariff and the Amended and Restated Scheduling Coordination Program Agreement, and are therefore not changeable after having been processed through the CAISO scheduling process.

2.2 NSM Generation. Generation actually produced at the NSM power plant will be allocated to the Operating Entities in proportion to their water release schedules, as specified in Appendix B of the Amended and Restated Scheduling Coordination Program Agreement. This allocation means that it is the NSM water release schedules, and not the NSM energy schedules, that form the basis for the allocation of power at NSM. The NSM energy schedules are



needed to determine CAISO energy balancing purposes in the day-ahead market, and should correspond appropriately to the NSM water release schedules, but ultimately it is the NSM water release schedules that dictate the allocation.

2.3 Collierville Generation. Collierville discharge through the power plant is allocated to the Operating Entities in the same proportion as the metered energy allocation results described in Appendix B to the Amended and Restated Scheduling Coordination Program Agreement (commonly referred to as the Unit Energy Allocation or (“UEA”)).

**FACILITIES SCHEDULE 7**  
**APPENDIX C**  
**NSM STORAGE ACCOUNTING**

**Section 1.    General Considerations.** Each Operating Entity will be allocated its Project Participation Percentage share of NSM Storage. Storage accounting will determine the amount of NSM Storage drafted by each Operating Entity each day and the status of the Operating Entity's allocation of NSM Storage at the end of each day.

An Operating Entity may utilize the Project Participation Percentage share of NSM Reservoir storage of other Operating Entities, provided that, if it is necessary to spill at NSM Dam, such spill will be assumed to be first from water stored by the Operating Entity who is using the Project Participation Percentage share of NSM Reservoir storage of other Operating Entities. The allocation of spill will be based on the amount the Operating Entities are “over-filled” relative to their respective Project Participation Percentage shares of NSM Reservoir storage. If more than one Operating Entity is over-filled, the initial allocation of spill will be pro-rata to each based on the amount each is over-filled. Once all water stored in the Project Participation Percentage share of others is spilled, any remaining spill is allocated based on Project Participation Percentage shares.

**Section 2.    NSM Storage Accounting.**

2.1 NSM Inflow Allocation. Each Operating Entity will be allocated its NSM Inflow (as determined in accordance with Appendix A of this Facilities Schedule 7, Flow Calculations) by Project Participation Percentage share.

2.2 NSM Release Allocation. Each Operating Entity shall provide a NSM water release schedule for each interval of each day. The actual NSM water releases, calculated as described in Appendix A of this Facilities Schedule 7, will be pro-rated to the Operating Entities based on the water release schedules. The Facilities Schedule 7 model algorithm will automatically allocate the actual NSM water releases by Operating Entity in each interval first to satisfy each Operating Entity's share of the NSM Minimum Release. These are classified in accordance with Appendix A of this Facilities Schedule 7 as non-storage-regulated flows. The remainder of each Operating Entity's water release will be considered storage-regulated flows.

2.3 NSM Storage Change. The change in NSM Storage of each Operating Entity will be equal to the Operating Entity's allocation of NSM Inflow minus each Operating Entity's storage-regulated and non-storage-regulated releases.

2.4 End-of-Interval NSM Storage. The end-of-interval NSM Storage of each Operating Entity will be the algebraic sum of the Operating Entity's beginning-of-interval NSM Storage and its NSM Storage change.

**FACILITIES SCHEDULE 7**  
**APPENDIX D**  
**MCKAYS PONDAGE ACCOUNTING**

**Section 1.    General Considerations.** Determinations of McKays Pondage accounts for each Operating Entity will be made each day.

**Section 2.    McKays Pondage Accounting.**

2.1    McKays Entitlement. Each Operating Entity will be allocated an entitlement amount of the total useable McKays Pondage in accordance with this Appendix D of Facilities Schedule 7.

2.2    Storage in Excess of Entitlement. An Operating Entity may utilize the McKays Pondage entitlements of other Operating Entities, provided that if it is necessary to spill at McKays Dam, such spill will be assumed to be first from water stored by the Operating Entity who is using the entitlement of other Operating Entities. The allocation of spill will be based on the amount the Operating Entities are “over-filled” relative to their Project Participation Percentage share of McKays Pondage. If more than one Operating Entity is over-filled, the initial allocation of spill will be pro-rata to each Operating Entity based on the amount each Operating Entity is over-filled. Once all water stored in the entitlements of others is spilled, any remaining spill is allocated based on Project Participation Percentage shares.

2.3 Allocation of Flows. Flows are allocated to each Operating Entity as follows:

(i) Unregulated inflow, non-storage regulated inflow, inflow from Beaver Creek, Mill Creek Tap Outflow and McKays Fish Release are allocated based on Project Participation Percentage shares;

(ii) Storage-regulated inflow is allocated in accordance with the bank storage routing criteria specified in Appendix A of this Facilities Schedule 7, and the accumulated Operating Entity Project Participation Percentage shares of the storage-regulated water in bank storage, based on each Operating Entity's NSM water release schedules;

(iii) Spill is allocated as specified in Section 2.2 of this Appendix D; and

(iv) Collierville discharge through the power plant is allocated to the Operating Entities in the same proportion as the metered energy allocation results described in Appendix B of the Amended and Restated Scheduling Coordination Program Agreement (commonly referred to as the Unit Energy Allocation ("UEA"), and which allocates NSM energy based on the NSM water release schedules).

2.4 Operating Entity Pondage. At the end of each interval, each Operating Entity's McKays Pondage is determined by algebraically summing the

Operating Entity's allocation of inflows and outflows with the ending McKays Pondage from the previous interval.

2.5 Water Trades Between McKays and NSM Pondage. Any two Operating Entities, by mutual consent, may trade water in McKays, and make a simultaneous offsetting reverse trade of their Pondage at NSM. The quantity of the offsetting trade at NSM is reduced to compensate the Operating Entity trading away at NSM for the loss of the opportunity to generate with that water through the NSM power plant. The trade at NSM will be reduced by 8% (based on the historical generation water duty ratio for NSM releases) relative to the trade at McKays.

Water trades are effective as of 0001 of the agreed-upon trade day (since the Facilities Schedule 7 algorithm re-calculates each interval of the current day every half-hour, this means that there will be no retroactive computer re-runs required). A trade can be arranged to apply no earlier than 0001 of the current day. Once agreed by the trading Operating Entities, the trade will be scheduled by the project manager. Trades are of water only with no corresponding financial payments. If there is no willing partner to a proposed trade, then each Operating Entity's Pondage results are unchanged, and all Facilities Schedule 7 results, including the allocation of spill, remain unchanged.

## FACILITIES SCHEDULE 8

### COMBUSTION TURBINE PROJECT NO. 2 OPERATING PROCEDURES

**Section 1. Definitions.** Unless defined in this Facilities Schedule 8, all terms used in this Facilities Schedule 8 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement.

1.1 “Pool” or “Pooling” has the meaning as defined in the Second Amended and Restated Pooling Agreement.

**Section 2. General Operating Criteria.** The following general operating criteria are applicable to the operation of the Combustion Turbine Project No. 2 generation facilities (hereinafter referred to as the “STIG Project”). The General Manager, or his or her designee, shall act as project manager for the STIG Project on behalf of the Project Participants.

2.1 Good Utility Practice. The STIG Project shall be operated in accordance with Good Utility Practice.

2.2 Licenses and Regulatory Criteria. The STIG Project shall be operated in accordance with all license and regulatory requirements that are applicable to the STIG Project (e.g., air permit restrictions).

2.3 Project Operation. The project manager shall normally operate the STIG Project in accordance with day ahead and active day schedules. The project manager may deviate from the scheduled operation due to system economics or

other operating conditions, provided that such deviations shall be coordinated among the Operating Entities.

2.4 STIG Project Statistics. The following are general STIG Project statistics:

<u>Resource Name</u>	<u>Resource ID</u>	<u>Pmax</u>	<u>Pmin</u>
Lodi STIG Unit	STIGCT_2_LODI	49.9 MW	25 MW

### **Section 3. Scheduling Criteria.**

3.1 Schedule Coordination. NCPA shall act as Scheduling Coordinator for the STIG Project, and perform such duties in accordance with the Amended and Restated Scheduling Coordination Program Agreement.

3.2 Scheduling Criteria and Project Coordination. Each Project Participant, acting as an Operating Entity, may schedule and bid its Project Participation Percentage share of capacity, energy, and/or other project attributes in any manner, and shall coordinate the scheduling of its Project Participation Percentage share of the STIG Project with NCPA; provided, however, that such schedules or bid shall be consistent with licensing and regulatory criteria, operational limitations, all established scheduling requirements, including, but not limited to, those requirements set forth in the CAISO Tariff and as determined by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement, and the provisions of the respective Project



Agreement. NCPA may act as Operating Entity on behalf of a Project Participant or a group of Project Participants, pursuant to separate agreement.

Notwithstanding the foregoing, upon mutual agreement of the STIG Project Operating Entities NCPA may, acting as project manager, schedule and bid the entire STIG Project on behalf of the Project Participants for capacity, energy, and/or other project attributes into the CAISO markets and shall strive to maximize the economic value of the STIG Project while taking full consideration of other regulatory costs (e.g., GHG compliance obligations).

3.3 Load Following. The STIG Project may be utilized by NCPA to provide load following capacity, provided that Project Participants are compensated for such operation in accordance with this Facilities Schedule 8.

3.4 Allocation of Project Output. All output of the STIG Project, including capacity, energy and/or other project attributes shall be allocated among the Project Participants in accordance with the Project Agreement, this Facilities Schedule 8, and the Amended and Restated Scheduling Coordination Program Agreement.

3.5 Outage Coordination. Prior to the beginning of each Fiscal Year the project manager shall prepare and submit for approval to the Facilities Committee a planned outage schedule for the STIG Project. Changes or modifications made to the planned outage schedule during the course of the

Fiscal Year shall be subsequently reported in a timely manner to each Project Participant. NCPA shall provide outage coordination services to track and report planned and unplanned outages pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

**Section 4. Natural Gas Fuel Supply.**

4.1 General. The STIG Project consumes natural gas as a fuel in order to generate electric power for the benefit of the Project Participants. Section 4 of this Facilities Schedule 8 describes the terms and conditions under which NCPA will procure natural gas fuel for the STIG Project.

4.2 Economic Dispatch and Daily Fuel Requirements. The STIG Project consists of one generator. Unless called upon by the CAISO for emergency conditions, the STIG Project is economically dispatched or self-scheduled in accordance with the operating procedures defined in this Facilities Schedule 8. In either case the fuel supply requirements of the STIG Project are primarily met through NCPA's contractual relationship with a primary supplier under a gas management agreement and supplemented with North American Energy Standards Board ("NAESB") agreements with various Third Parties to encourage competitive fuel supplies. The cost for natural gas fuel procured for the STIG Project will be allocated to the Project Participants in accordance with

the Project Agreement, this Agreement, and the Amended and Restated Scheduling Coordination Program Agreement.

4.3 Forward Natural Gas Procurement and Financial Hedging. NCPA is permitted to procure natural gas fuel in advance of generation provided that the term of the purchase does not exceed one month with delivery occurring within the next calendar month following the transaction. No financial hedges for fuel supply costs associated with the STIG Project will be implemented pursuant to this Facilities Schedule 8. NCPA may assist any Project Participant that desires to procure natural gas in advance for anticipated STIG Project fuel supply requirements, upon written request of a Project Participant, provided that NCPA and the requesting Project Participant have executed a separate agreement for such purposes.

4.4 Fuel Supply Management and Scheduling. Natural gas fuel consumed by the STIG Project must be scheduled and transported to the generator site. To obtain necessary scheduling and transportation rights and services the Commission may periodically authorize contracts with Third Parties and/or authorize subscriptions for transportation and storage services under pipeline tariffs in accordance with procurement policies and procedures established by the Commission.

**Section 5. Unused Project Participation Percentage Share.**

5.1 Unused Project Participation Percentage Share.

5.1.1 Day Ahead Scheduling. If an Operating Entity does not elect to schedule and bid its Project Participation Percentage share of the STIG Project in the day ahead market, pursuant to Section 3 of this Facilities Schedule 8, the remaining Operating Entities may request the entire output of the STIG Project. If the remaining Operating Entities desire to take energy from the STIG Project, they must take the entire minimum economic operating output as determined by the project manager. An Operating Entity that did not take their Project Participation Percentage share in the day ahead scheduling process cannot request their Project Participation Percentage share in the active day where other Operating Entities have requested to take the entire output of the STIG Project, unless otherwise mutually agreed. Any Operating Entity that does not take their Project Participation Percentage share shall be compensated for their Project Participation Percentage share by the other Operating Entities in accordance with this Facilities Schedule 8. If the STIG Project is not scheduled for any Operating Entity, the STIG Project will remain available for active day scheduling for any Operating Entity.

5.1.2 Active Day Scheduling. If an Operating Entity does not elect to schedule and bid its Project Participation Percentage share of the

STIG Project in the active day market, pursuant to Section 3 of this Facilities Schedule 8, the remaining Operating Entities may request the entire output of the STIG Project. If the remaining Operating Entities desire to take energy from the STIG Project, they must take the entire minimum economic operating output as determined by the project manager. Once an Operating Entity communicates to the project manager that it does not desire to take its Project Participation Percentage share in the active day scheduling process, they cannot request their Project Participation Percentage share in any hours of the active day where other Operating Entities have requested to take the entire output of the STIG Project, unless otherwise mutually agreed. Any Operating Entity that does not take their Project Participation Percentage share shall be compensated for their Project Participation Percentage share by the other Operating Entities in accordance with this Facilities Schedule 8. If the STIG Project is not scheduled for any Operating Entity, the STIG Project is available for use by the project manager.

**Section 6. Coordinated Settlements, Cost Recovery, and Reimbursement of Margin (Between Pool and non-Pool Project Participants).**

**6.1 General Considerations.**

(i) the objective of settlements and cost recovery is to ensure that Project Participants pay actual operating costs, and provide the process that will

ensure scheduling and operation by an Operating Entity does not have any adverse economic impact on another Operating Entity; and

(ii) the objective of reimbursement of margin is to ensure that if the STIG Project is scheduled to operate and an Operating Entity cancels the operation, due to economic conditions or load following, such cancellation does not adversely affect another Operating Entities' ability to receive its expected margin from the planned operation of the STIG Project.

## 6.2 Settlements.

(i) whenever the STIG Project is operated, Project Participants shall pay the variable costs of generation including any associated CAISO costs and uninstructed energy costs, according to their Project Participation Percentage share;

(ii) associated CAISO costs and uninstructed energy costs will be allocated and settled in accordance with Appendix B of the Amended and Restated Scheduling Coordination Program Agreement;

(iii) Project Participants shall be paid for project output pursuant to the CAISO Tariff and project output shall be allocated according to their Project Participation Percentage share; and

(iv) for non-Pool Operating Entities receiving energy through an inter-scheduling coordinator trade, such Operating Entity shall pay for the inter-

scheduling coordinator trade pursuant to the CAISO Tariff and Appendix B of the Amended and Restated Scheduling Coordination Program Agreement.

6.3 Cost Recovery.

(i) an Operating Entity that is taking energy greater than their Project Participation Percentage share shall compensate the other Operating Entities to ensure that those whose Project Participation Percentage share was consumed by others are, at a minimum, financially neutral;

(ii) in the context of this Facilities Schedule, financial neutrality means, if the Operating Entity scheduling less than their Project Participation Percentage share has a net cost for those hours of the day that their Project Participation Percentage share was being used by others, taking into account the costs and payments under this Facilities Schedule 8, the Operating Entity using the Project Participation Percentage share shall pay the Operating Entity whose entitlement was used an amount to ensure the net cost is zero for the Operating Entity whose Project Participation Percentage share was used by others; and

(iii) the STIG Project may be used for load following; in such case, the Pool Operating Entity shall compensate the non-Pool Operating Entity to ensure that the non-Pool Operating Entity is financially neutral or so that its contribution to margin from CAISO market awards is maintained.

**FACILITIES SCHEDULE 9**  
**POWER PURCHASE PROJECTS OPERATING PROCEDURES**

**Section 7.     Definitions.** Unless defined in this Facilities Schedule 9, all terms used in this Facilities Schedule 9 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement.

7.1     “Power Purchase Project” means a power purchase contract or contracts which are individually or collectively deemed to be NCPA Projects.

**Section 8.     General Operating Criteria.** The following general operating criteria are applicable to the operation of each Power Purchase Project. The General Manager, or his or her designee, shall act as project manager for the scheduling and operation of each Power Purchase Project.

8.1     Good Utility Practice. Power Purchase Projects shall be operated in accordance with Good Utility Practice.

8.2     Licenses and Regulatory Criteria. Power Purchase Projects shall be scheduled and operated in accordance with all license and regulatory requirements that are applicable to the Power Purchase Projects, if any.

**Section 9.     Scheduling Criteria.**

9.1     Schedule Coordination. NCPA shall act as Scheduling Coordinator for each Power Purchase Project, and perform such duties in accordance with the Amended and Restated Scheduling Coordination Program Agreement.



9.2 Scheduling Criteria and Project Coordination. Each Project Participant, acting as an Operating Entity, shall schedule and bid its Project Participation Percentage share of capacity, energy, and/or other project attributes in any manner, and shall coordinate the scheduling of its Project Participation Percentage share of each Power Purchase Projects with NCPA; provided, however, that such schedules or bids shall be consistent with licensing and regulatory criteria, operational limitations, all established scheduling requirements, including, but not limited to, those requirements set forth in the CAISO Tariff and as determined by NCPA pursuant to the Amended and Restated Scheduling Coordination Program Agreement, and the provisions of the respective Project Agreement. NCPA may act as Operating Entity on behalf of a Project Participant or a group of Project Participants, pursuant to separate agreement.

9.3 Allocation of Project Output. All output of a Power Purchase Project, including capacity, energy and/or other project attributes shall be allocated among the Project Participants in accordance with the Project Agreement and the Amended and Restated Scheduling Coordination Program Agreement.

9.4 Outage Coordination. Prior to the beginning of each Fiscal Year the project manager shall prepare and submit for approval to the Facilities

Committee a planned outage schedule for each Power Purchase Project, if applicable. Changes or modifications made to the planned outage schedule during the course of the Fiscal Year shall be subsequently reported in a timely manner to each Project Participant. NCPA shall provide outage coordination services to track and report planned and unplanned outages pursuant to the Amended and Restated Scheduling Coordination Program Agreement.

**FACILITIES SCHEDULE 10**  
**RESERVE FUNDS**

Reserve funds shall be established by the Commission for each NCPA Project as set forth in this Facilities Schedule 10. Reserve Funds shall be classified as either "Mandatory Reserve Funds" or "Additional Reserve Funds."

**Section 1.    Mandatory Reserve Funds.** Each NCPA Project that is financed by the issuance of notes, bonds, or other public debt ("Bonds") is secured by the provisions of a Project Indenture of Trust. Each Project Indenture of Trust establishes, among other things, various interrelated reserve funds for the protection of the holders of the Bonds. The following Mandatory Reserve Funds are governed by the provisions of the applicable Project Indenture of Trust:

1.1    Debt Service Reserve Fund. A reserve equal to the maximum annual debt service over the life of the outstanding debt. This reserve fund may be used to pay debt service in the event that amounts in the debt service fund are not sufficient.

1.2    Reserve and Contingency Fund. The renewal and replacement account is a subaccount of the reserve and contingency fund used to pay the cost of acquisition and construction relating to any capital improvement. In general, a capital improvement is a repair, addition, improvement, modification or betterment to a NCPA Project that is: (i) consistent with Good Utility Practice

and determined necessary by the Commission to keep the NCPA Project in good operating condition or to prevent a loss of revenue therefrom; (ii) required by any governmental agency having jurisdiction over the NCPA Project; or (iii) not any generating unit in addition to those included in the NCPA Project. (See the appropriate Project Indenture of Trust for specific definition).

The reserve account is a subaccount of the reserve and contingency fund used to pay the cost of the following to the extent not provided for in the Annual Budget or by an operating reserve in the operating fund: (i) acquisition and construction relating to capital improvements to the extent amounts in the renewal and replacement account are not sufficient; and (ii) items related to extraordinary operations and maintenance costs and contingencies, including payments to prevent or correct any unusual loss or damage to the NCPA Project. Any increase or decrease in the balance to be on deposit in this account must be recommended by the consulting engineer as provided in the applicable Project Indenture of Trust.

1.3 General Reserve. The general reserve is a subaccount of the general reserve used to pay any deficiencies in any other funds and accounts established by the Project Indenture of Trust and for any other purpose related to the NCPA Project. The rate stabilization account is a subaccount of the general reserve used to provide revenues so that Participant rates may be stabilized.

1.4 Operating Fund. A fund used to pay current NCPA Project operating expenses. This fund also contains any amounts set aside as working capital or operating reserves. In its Annual Budget process, the Commission will determine and establish appropriate purposes for and levels of operating reserves to be held and maintained in the operating fund of the applicable NCPA Project. Such operating reserves may include, but are not limited to, the following:

(i) the working capital reserve is a reserve equal to the average amount of capital required for operating purposes to fund expenditures made prior to receipt of revenue collections; and

(ii) the maintenance reserve is a reserve for anticipated periodic operating costs including, but not limited to, scheduled and unscheduled maintenance other than ordinary repairs and replacements, e.g., overhaul, inspection, etc.

Upon completion of construction of the applicable NCPA Project, interest income on such reserves is considered a revenue for Project Indenture of Trust purposes, and therefore treated as an operating revenue to NCPA to be allocated back to the applicable NCPA Project.

**Section 2. Additional Reserve Funds.** Additional Reserve Funds may be established by the Commission from time to time, provided their establishment

does not affect the funding, maintenance, or operation of any Mandatory Reserve Fund.

Funding mechanisms for all Additional Reserve Funds will be determined on a case by case basis by the Commission upon the recommendation of the Facilities Committee, but unless such Additional Reserve Fund is limited to a specific project, may not be funded under a Project Agreement. If the additional Reserve Fund is designated for capital improvements, the recommendation of the NCPA Finance Committee will also be requested.

NCPA shall maintain separate accounts for all Additional Reserve Funds. Unless otherwise required by a Project Indenture of Trust, at the time an Additional Reserve Fund is established, the Commission shall determine whether the interest accrued on the balance of the fund shall be treated and accounted for as: (i) operating revenue to NCPA to be allocated back to the applicable NCPA Project, or (ii) an addition to the balance of the fund. NCPA shall maintain records and provide reports for each Additional Reserve Fund as provided in this Agreement.

## FACILITIES SCHEDULE 11

### PROJECT PHASES

Pursuant to Section 6 of this Agreement, any NCPA Project undertaken by NCPA may have one or more phases. Facilities Schedule supplements the description of each phase provided in Section 6 of this Agreement.

**Section 1. First Phase Projects.** Review and recommendations regarding First Phase Project activities shall be made by the Facilities Committee. Each Member obtains a right to participate in any Project identified by First Phase activity proportional to its contribution to First Phase costs at the time a Project is identified and becomes a candidate for Second Phase activity. First Phase activity includes the following typical scope of work:

(i) make general investigations and obtain currently available background, technical, economic and other preliminary data concerning the feasibility of a specific Project; and

(ii) hold initial discussions to gain sufficient understanding of data and circumstances surrounding the proposed Project to enable staff to report, and/or recommend Participant participation in Second Phase activity and execution of a Second Phase Agreement enabling such activity.

**Section 2. Second Phase NCPA Projects.** Second Phase development activity begins upon the identification of a Project in substantial detail to allow

proceeding with participation agreements resulting from investigations pursuant to First Phase activities.

Subject to the provisions of this Agreement, Second Phase participation rights are based a Participant's share of funding First Phase activities. Final Second Phase Project Participation Percentages will be determined by election by those Project Participants desiring to participate pursuant to the Second Phase Agreement. A Second Phase project must be fully subscribed to proceed with the scope of work for the project. Limitations in scope of work, off ramps or conditions of participation in Second Phase projects will be addressed in the language of the associated Second Phase Agreement.

Funding for Second Phase projects may proceed in two steps:

2.1 Step 1. Step 1, is defined as the period from identification of a Second Phase project, up to the final execution of a Second Phase Agreement for all Participants desiring participation. Step 1 funding sources will be determined at the discretion of the Project Participants. Typically, funding for Step 1 costs will be by direct assessments to Participants or by withdrawals from Participants' Second Phase funds, in accordance with each Participant's Project Participation Percentage at the time of authorization of Step 1.

Step 1 is optional and is provided in order to maintain continuity in the project or to advance the project to some gain not otherwise obtainable without



implementing Step 1. All Step 1 costs will be included for ultimate reimbursement and accounted for in the final Second Phase Agreement executed by the Project Participants. Project Participation Percentages may change from Step 1 to Step 2. In the event that the Second Phase project is terminated before final execution of a Second Phase Agreement, each Project Participant will absorb those costs expended, up to and including termination costs. No refunds are anticipated for Step 1 costs associated with a terminated project.

2.2 Step 2. Step 2 is defined as the period beginning at final execution of a Second Phase Agreement and ending either when the Third Phase Agreement for the NCPA Project becomes effective, or in the case where an NCPA Project does not progress to the Third Phase, upon termination of the Second Phase Agreement.

Step 2 costs will be funded at the discretion of the Project Participants. Typical funding for Step 2 costs will be by direct assessment, temporary financing or permanent financing, depending on the needs of the project and Project Participants. Second Phase costs will consist of all Step 1 costs (optional) and all Step 2 costs. All Second Phase costs will be included for ultimate reimbursement and accounted for in the final Third Phase Agreement executed by the Project Participants. Project Participation Percentages may change from the Second Phase to Third Phase of a project. In the event that the Second Phase

of a project is terminated prior to the final execution of a Third Phase Agreement, each Project Participant will absorb those costs expended, up to and including termination costs. No refunds are anticipated for Second Phase costs associated with a terminated project. Second Phase activity includes the following typical scope of work:

- (i) licensing/permitting of a project;
- (ii) preparation of design or turn-key specification documents for construction or a project; and
- (iii) negotiation of contracts.

**Section 3. Third Phase NCPA Projects.** Third Phase activities are described in Section 6 of this Agreement.

## FACILITIES SCHEDULE 12

### FEDERAL TAX GUIDELINES RELATING TO PRIVATE BUSINESS USE

NCPA has issued a number of Bond issues (the “Bonds”) for the NCPA Projects which have been “traditional” tax exempt bond or Build America Bond obligations, which are “tax advantaged” under provisions of the Internal Revenue Code (the “Tax Status”). This Facilities Schedule 12 summarizes and documents the various federal tax restrictions approved by the Commission to be used as guidelines relating to private business use of the NCPA Projects and the capacity and energy from the NCPA Projects required to qualify and maintain the Tax Status of the Bonds. Failure to comply with the private business use requirements set forth in this Facilities Schedule 12 may adversely affect the Tax Status of the Bonds.

**Section 1. Definitions.** Unless defined in this Facilities Schedule 12, all terms used in this Facilities Schedule 12 with initial capitalization shall have the same meaning as those contained in Section 1 of this Agreement.

1.1 “Bonds” means bonds, notes or other evidences of indebtedness of NCPA (including, without limitation, contracts relating to letters of credit or other credit enhancement devises, interest rate swap and other agreements relating to interest rate or other cash-flow exchanges such as those authorized by the Public Finance Contracts Law, and other contracts which are characterized as

debt by NCPA at or prior to the execution thereof) issued to finance or refinance a NCPA Project and to finance or refinance any contributions-in-aid-of-construction for construction necessary for the adjacent electric system to interconnect with a NCPA Project and includes additional bonds to complete a NCPA Project and may consist of that portion of an issue of NCPA bonds, notes or other evidences of indebtedness issued to finance the costs of a NCPA Project, which portion is specifically identified as Bonds.

1.2 “Build America Bonds” or “BABs” means taxable municipal bonds that feature tax credits and/or federal subsidies for bondholders and state and local government bond issuers.

1.3 “Internal Revenue Code” means all federal tax laws.

1.4 “Internal Revenue Service” means the federal agency responsible for administering and enforcing the Treasury Department’s revenue laws, through the assessment and collection of taxes, determination of pension plan qualification, and related activities.

1.5 “Treasury Regulations” means tax regulations issued by the Internal Revenue Service.

**Section 2. Restrictions on Non-Governmental Use.** Neither NCPA nor the Participants may expect that (i) more than five (5) percent of the proceeds of a Bond issue will be used to make or finance loans to any person other than a state

or local governmental unit, or (ii) except as described below, more than the permitted amount of the proceeds of a Bond issue (that is, the lesser of 10 percent or \$15 million, as applicable) will be used in any trade or business carried on by any natural person or any activity carried on by anyone other than a natural person or a State or local governmental unit.

“Use” includes the sale of power (whether consisting of capacity, energy, or both, including the sale of ancillary services) to non-governmentally owned utilities (including e.g., the federal government, Bonneville Power Administration and Western Area Power Administration) pursuant to output or requirements contracts as well as any other arrangements for the sale of power on terms different from those available to the general public. Such may include contracts with retail customers that contain provisions which obligate a customer to make payments that are not contingent on the output requirements of the customer or that obligate the customer to have output requirements (including provisions which obligate the customer not to cease operations). The private business use restrictions are applied by taking into account any arrangements NCPA or any of the Participants have with non-exempt persons (generally, for these purposes any entity or person other than a municipally owned utility) for the sale of power from a NCPA Project. Use also includes providing a non-governmental person with control, whether direct or indirect, over the

operations, maintenance or decision making as to when to run or not run a particular NCPA Project (in tax parlance such rights would be called “special legal entitlements”). Such special legal entitlements also may create private business use.

Applicable Treasury Regulations provide an exception to private business use if the non-governmental person uses the property (or the capacity or energy for the property) as a member of the general public. This occurs if the “property is intended to be available and in fact is reasonably available for use on the same basis by natural persons not engaged in a trade or business.” Use on the same basis as the general public may include a fee or charge for use, so long as the rates charged are generally applicable and uniformly applied. These rates may vary in certain respects, such as different rates based on volume, so long as the difference in rates is customary and reasonable. Any arrangement that gives the non-exempt person special priority rights or preferential benefits is not use on the same basis as the general public.

**Section 3. Specific Private Business Use Exceptions Relating to the NCPA Projects.** NCPA and the Participants will enter into a variety of arrangements with non-exempt persons, including wholesale customers of NCPA, wholesale and retail customers of the Participants, and non-governmental utilities and other providers and purchasers of electric generation, transmission, and

distribution service. Each of these arrangements will be treated as private business use in evaluating compliance with the limits described in Section 2 of this Facilities Schedule 12, except to the extent that the arrangement either satisfies one of the following exceptions to the limitations on private business use and private security or payments, or NCPA or the Participants obtain an opinion of Bond Counsel to the effect that the arrangement will not adversely affect the Tax Status of the Bonds:

(i) in the case of sales of electric generation or distribution service, the term of such transaction will not exceed three (3) years (including renewal options) and will be negotiated, arm's length arrangements that provide for compensation at fair market value or are based on generally applicable and uniformly applied rates, and the related facility (e.g. a NCPA Project) was not financed with a principal purpose of providing that facility for use by that non-governmental person;

(ii) in the case of sales of electric generation or distribution service, the compensation for such service and any other payments in respect of such use will not exceed NCPA's or the Participant's, as applicable, properly allocable cost of ordinary and necessary expenses that are directly attributable to the operation of the financed property used by the non-governmental person;

(iii) in the case of sales of electric generation or distribution service, the output is sold (a) to a retail customer pursuant to a requirements contract that does not require the customer to make payments unless it actually has requirements, (b) under a contract pursuant to which the average annual payments made under the contract do not exceed the amount permitted under the de minimis rule contained in the applicable regulations, (c) under a contract the terms of which comply with (i) above, or (d) from non-bond financed system resources of the Participant which are physically capable of supplying the output being sold;

(iv) the arrangement will not involve use of the Project (e.g., non-bond financed resources or contracts involving the resale of generation provided by an investor owned utility to NCPA);

(v) the use of the NCPA Projects that would constitute private business use is allocable to (a) Bonds that have been “remediated” within the meaning of Treasury Regulation section 1.141-12 (or repaid in their entirety), or (b) equity, or (c) taxable bonds issued by NCPA, or (d) issues of bonds that have been fully repaid;

(vi) an agreement that provides for the swapping or pooling of output by one or more non-governmental persons to the extent that: (a) the swapped output is reasonably expected to be approximately equal in value



(determined over periods of one year or less), and (b) the purpose of the agreement is to enable each of the parties to satisfy different peak load demands, to accommodate temporary outages, to diversify supply, or to enhance reliability in accordance with prudent reliability standards; and

(vii) the use of the NCPA Project is by an entity that qualifies as an agency or instrumentality of NCPA approved by the Internal Revenue Service or Bond Counsel.

**Section 4.     Sale of Renewable Energy Certificates.** In a private letter ruling, the Internal Revenue Service concluded that under certain circumstances the sale of renewable energy certificates (“RECs”) does not create any private business use. If a Participant transacts to sell some or all of the RECs resulting from the generation at one or more of the NCPA Projects to non-governmental person with contract terms longer than three (3) years (contracts of three (3) years or less would meet one of the exceptions from private business use described in Section 3 of this Facilities Schedule 12) such transaction must satisfy the following basic requirements to satisfy the Internal Revenue Service:

(i) that the purchase of RECs does not entitle the REC purchaser to any electric energy from the NCPA Project;

(ii) the Participant will retain exclusive control over its entitlement to the NCPA Project, its operations and any decision regarding how or whether to operate the NCPA Project;

(iii) the Participant will not be under any obligation to produce, or cause to be produced, any renewable energy or to operate, or cause the Project to be operated at all or at any particular level; and

(iv) the REC contracts will not give the REC purchaser any direct or indirect voice in how any component of the NCPA Project will be operated or maintained.

**Section 5. Compliance with Private Business Use Limits by Participants.**

Private business use limitations set forth in this Facilities Schedule apply in aggregate to all actions by NCPA and the Participants. Accordingly, NCPA will implement internal procedures and requirements necessary to assure compliance with the private business use limits as specified in this Facilities Schedule, including:

(i) contractual obligations of the Participants to comply with private business use limits and other requirements of the Internal Revenue Code, and

(ii) regularly surveying the Participants to determine compliance with the private business use limits and other requirements of the Internal Revenue Code.

Participants are required to comply with private business use limits and other requirements of the Internal Revenue Code pursuant to applicable Project Agreement, and Participants are strongly encouraged to establish internal procedures and requirements necessary to assure compliance.

**FACILITIES SCHEDULE 13**  
**REPORTS TO PARTICIPANTS**

Pursuant to Section 16.1 of this Agreement, NCPA shall prepare and make available to each Participant the following reports monthly:

- (i) NCPA Project Operating Reports;
- (ii) NCPA Project Financial Operating Statements;
- (iii) Status of NCPA Budget as such applies to Project Costs; and
- (iv) such additional reports as are required under any applicable Project Agreement, this Agreement, or as requested by the Facilities Committee.

**FACILITIES SCHEDULE 14**  
**PARTICIPANT NOTICE REQUIREMENTS**

Pursuant to Section 7.1 of this Agreement a Participant that desires to enter into a transfer, sale, assignment or exchange of all or a portion of its Project Participation Percentage share of a NCPA Project or its Project Participation Percentage share of specific NCPA Project attributes shall provide notice of such transfer, sale, assignment or exchange to the General Manager in accordance with this Facilities Schedule 14.

**Section 1.    Participant Notice.**

1.1    Project Participation Percentage Share. Prior to a Participant entering into a transfer, sale, assignment or exchange of all or any portion of its Project Participation Percentage share of a NCPA Project, for a specific time interval, or permanently, a Participant shall provide thirty (30) Calendar Days prior written notice to the General Manager.

1.2    NCPA Project Attributes. Prior to a Participant entering into a transfer, sale, assignment or exchange of its Project Participation Percentage share of a specific NCPA Project attribute, including, but not limited to, capacity, energy and/or other related attributes, for a specific time interval, but retain its full Project Participation Percentage share of a NCPA Project throughout the

term of such transfer, sale assignment or exchange, a Participant shall provide thirty (30) Calendar Days prior written notice to the General Manager.

**Section 2. Evaluation and Report of Impacts.** Upon receipt of a Participant's notice submitted to the General Manager pursuant to Section 1 of this Facilities Schedule 14, the General Manager shall evaluate what impacts, if any, the transfer, sale, assignment or exchange may have on NCPA's internal and external systems utilized to manage the respective NCPA Project, on NCPA's governance, and other Project Participants' interest in the respective NCPA Project. Within thirty (30) Calendar Days after the date on which written notice is received by NCPA, or a period of time greater than thirty (30) Business Days if deemed necessary by the General Manager, in his/her sole discretion, that is reasonably required to identify and evaluate impacts and interests, the General Manager will develop and deliver to the Participants in the affected NCPA Project a written report identifying such impacts and interests.

In such report the General Manager shall identify what reasonable conditions, if any, are necessary to implement such transfer, sale, assignment or exchange in a cost effective and timely manner and mitigate the impacts of the transfer, sale, assignment or exchange on NCPA and other Project Participants. The General Manager shall coordinate with the Participants in the affected NCPA Project prior to the final execution of the desired transfer, sale, assignment

or exchange, so as to mitigate any identified impacts as necessary (e.g., programming modifications, impacts to NCPA Project operations).

**AMENDED AND RESTATED  
SCHEDULING COORDINATION PROGRAM AGREEMENT**



## Table of Contents

Section 1.	Definitions.....	3
Section 2.	Purpose.....	6
Section 3.	NCPA Duties .....	6
Section 4.	Participant Duties.....	9
Section 5.	Allocation of CAISO Charges and Credits.....	10
Section 6.	Billing and Payments.....	12
Section 7.	Cooperation and Further Assurances .....	15
Section 8.	Participant Covenants and Defaults.....	16
Section 9.	CAISO Security Deposit and Credit Requirements .....	21
Section 10.	Balancing Account .....	22
Section 11.	NCPA Administrative Costs .....	26
Section 12.	Administration of Agreement.....	26
Section 13.	Term and Termination .....	28
Section 14.	Admission and Withdrawal of Participants.....	29
Section 15.	Other Agreements.....	32
Section 16.	Settlement of Disputes and Arbitration.....	32
Section 17.	Miscellaneous .....	32
Appendix A.	List of Participants .....	1
Appendix B.	CAISO Settlements Summary.....	1
Appendix C.	Power Scheduling Guide.....	1
Appendix D.	SCPA Appendix Definitions Glossary .....	1
Appendix E.	Participant Resources .....	1
Appendix F.	Technical Metering Standards.....	1
Appendix G.	New Additions .....	1
Appendix H.	CAISO Security Deposit and Credit Requirements.....	1

This AMENDED AND RESTATED SCHEDULING COORDINATION PROGRAM AGREEMENT ("this Agreement") is dated as of \_\_\_\_\_, 20\_\_ by and among the Northern California Power Agency, a joint powers agency of the State of California ("NCPA"), and the signatories to this Agreement other than NCPA ("Participants"). NCPA and the Participants are referred to herein individually as a "Party" and collectively as the "Parties".

### RECITALS

A. NCPA has heretofore been duly established as a public agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

B. Each of the Participants is a signatory to the Joint Powers Agreement which created NCPA and therefore is a Member.

C. The Participants desire NCPA to act as their Scheduling Coordinator or Scheduling Agent to schedule and settle loads, resources, including, but not limited to, NCPA Projects, and other products in the CAISO energy and ancillary services markets, or other markets as applicable, in accordance with the MSSA Agreement, the Service Agreements, the Settlement

Agreement, the Project Agreements, the CAISO Tariff, and other rules and requirements, as such may be applicable.

D. The Participants desire NCPA to establish facilities, staff and the capability to enable NCPA to provide Scheduling Coordination Services to the Participants.

E. NCPA has established facilities, staff and the capability for the provision of Scheduling Coordination Services to the Participants.

F. The Participants desire NCPA to provide Scheduling Coordination Services to make NCPA Project and other resource capacity and energy available as contemplated in each respective Project Agreement, Service Agreements or other applicable agreement.

G. Each Participant agrees to pay its allocated share of costs for Scheduling Coordination Services pursuant to this Agreement and the Power Management and Administrative Services Agreement.

H. The Participants desire to equitably allocate CAISO charges and credits accruing to NCPA as Scheduling Coordinator or Scheduling Agent among the Participants.

I. The Participants further desire, insofar as possible, to insulate other Members, whether or not such Members are also Participants, from risks

inherent in the services and activities undertaken on behalf of any given Participant or group of Participants.

J. This Agreement amends, restates and replaces the certain Scheduling Coordination Program Agreement dated as of August 28, 2002 (as amended, “the prior scheduling coordination program agreement”), and the prior scheduling coordination program agreement is hereafter of no further force or effect.

NOW THEREFORE, the Parties agree as follows:

**Section 1. Definitions.**

1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 1 of this Agreement shall have the meaning indicated in Section 1 of the Power Management and Administrative Services Agreement:

1.1.1 “Administrative Services Costs” means that portion of the NCPA administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human

resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance premiums, fees for legal, engineering, financial and other services, power management services, general settlement and billing services and general risk management costs, that are charged directly or apportioned to the provision of Scheduling Coordination Services. Administrative Services Costs as separately defined herein and used in the context of this Agreement is different and distinct from the term Administrative Services Costs as defined in Section 1 of the Power Management and Administrative Services Agreement.

1.1.2 “Agreement” means this Amended and Restated Scheduling Coordination Program Agreement, including all Appendices, attached hereto.

1.1.3 “Balancing Account” means an account established at NCPA pursuant to this Agreement. The Balancing Account is established to: (1) make timely payments to the CAISO under the MSSA Agreement and CAISO Tariff, and protect NCPA from potential Participant default by providing funds and time to cure, (2) provide working capital for NCPA’s provision of Scheduling Coordination Services and to bridge timing

differences between the receipt of payments from Participants and the date payments are due to the CAISO, (3) satisfy CAISO security deposit requirements, and (4) provide security against Participant default.

1.1.4 “Defaulting Participant” has the meaning set forth in Section 8.2 of this Agreement.

1.1.5 “Event of Default” has the meaning set forth in Section 8.2 of this Agreement.

1.1.6 “Participant” has the meaning set forth in the preamble hereto. Participants to this Agreement are listed in Appendix A.

1.1.7 “Party” or “Parties” has the meaning set forth in the preamble hereto; provided that “Third Parties” are entities that are not Party to this Agreement.

1.1.8 “Power Management and Administrative Services Agreement” means the NCPA Power Management and Administrative Services Agreement, dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement by which NCPA provides Power Management and Administrative Services.

1.1.9 “Settlement Agreement” means the Settlement Agreement among Pacific Gas and Electric Company, Northern California Power Agency, the City of Santa Clara, California, the City of Roseville,

California and the California Independent System Operator Corporation in FERC Dockets ER01-2998-000, ER02-358-000, and EL02-64-000, as accepted by FERC.

1.1.10 “Third Party” means an entity (including a Member) that is not a Party to this Agreement.

1.1.11 “Withdrawing Participant” has the meaning set forth in Section 14.2 of this Agreement.

1.1.12 “Withdrawn Asset” has the meaning set forth in Section 14.5.2 of this Agreement.

1.2 Rules of Interpretation. All words and references as used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise, shall be interpreted pursuant to Section 1.2 of the Power Management and Administrative Services Agreement.

**Section 2. Purpose.** The purpose of this Agreement is to set forth the terms and conditions under which NCPA will supply Scheduling Coordination Services to the Participants.

**Section 3. NCPA Duties.** NCPA shall perform as the Scheduling Coordinator or Scheduling Agent for the Participants in accordance with the MSSA Agreement, the Service Agreements, the Settlement Agreement, the Project

Agreements, the CAISO Tariff, and other rules and requirement, as applicable.

Such duties shall include, but are not limited to:

3.1 Submission of schedules and bids for Participants' loads, resources, including, but not limited to, NCPA Projects, other generation resources, imports and exports, trades, ancillary services and/or other CAISO products in the CAISO energy and ancillary services markets, or other markets, as applicable.

All schedules and bids will be made and submitted to the CAISO in accordance with Appendix C and the CAISO Tariff, or other balancing authority areas in accordance with the applicable rules and requirements. Energy and capacity schedules and bids made on behalf of a Participant may be supplied from NCPA Projects, Participant owned and operated generation facilities, generation facilities in which a Participant has a contractual entitlement to energy and/or capacity, and/or other contractual arrangements for the supply of energy and capacity. All NCPA Projects, Participant owned and operated generation facilities, and generation facilities in which a Participant has a contractual entitlement to energy and/or capacity, for which NCPA supplies Scheduling Coordination Services on behalf of, are listed in Appendix E.

3.2 Obtain and maintain settlement quality meter data in accordance with the MSSA Agreement and CAISO Tariff, to be used for multiple purposes, including, but not limited to settlement validation and cost allocation.



3.3 Perform outage coordination for planned and unplanned outages in accordance with applicable rules and requirements, including, but not limited to, the CAISO Tariff.

3.4 Review, validate, and reconcile CAISO settlement charges and credits for services, file timely disputes and pursue dispute resolution.

3.5 Allocate CAISO settlement charges and credits among Participants for services in accordance with Appendix B, or as otherwise determined by the Commission for CAISO settlement charges and credits not addressed in Appendix B, make timely collection from the Participants of costs charged to NCPA by the CAISO, and make timely payments to the CAISO of such charges in accordance with the MSSA Agreement and the CAISO Tariff. All charges and credits will be invoiced to the Participants through the All Resources Bill, or an alternative invoice.

3.6 From time to time, recommend to the Commission amendments or modifications to the Appendices of this Agreement, as may be required, to ensure the Appendices of this Agreement conform and remain current with market rules, business practices, CAISO requirements, and other accounting or operating procedures.

3.7 Allocate costs associated with the provision of Scheduling Coordination Services, including, but not limited to, Administrative Services

Costs, to the Participants in accordance with this Agreement and the Power Management and Administrative Services Agreement.

**Section 4. Participant Duties.** The duties of the Participants under this Agreement are to:

4.1 Provide Participant load, resource, trade, ancillary services, and/or other CAISO product schedules and bids to NCPA, as applicable, in accordance with Appendix C, where the Participant shall act as an Operating Entity or NCPA shall act as an Operating Entity on behalf of a Participant or group of Participants, subject to separate agreement, upon which NCPA using such information will submit schedules and bids to the CAISO as Scheduling Coordinator or Scheduling Agent for the Participants.

4.2 Make timely payments to NCPA for all CAISO charges and credits for services invoiced by NCPA to the Participant in accordance with Section 6 of this Agreement.

4.3 Provide staff and other assistance as may be required from time to time to the extent necessary for NCPA to fulfill its duties as described in Section 3 of this Agreement.

4.4 Comply with all requirements of the MSSA Agreement and CAISO Tariff, as applicable, in respect to the operation and maintenance of its Electric System and other facilities covered under this Agreement.

4.5 Provide security or other deposits required by the CAISO to NCPA in accordance with Section 9 of this Agreement.

4.6 Initially fund and maintain sufficient deposits in its Balancing Account in accordance with Section 10 of this Agreement.

4.7 Provide NCPA access to settlement quality meter data from loads and resources scheduled and bid by NCPA for a Participant under this Agreement, and to maintain such meters and metering equipment in accordance with the standards and requirements set forth in the MSSA Agreement, CAISO Tariff and Appendix F of this Agreement, unless otherwise agreed to between NCPA and the Participant.

4.8 Make timely payment of all costs associated with NCPA's provision of Scheduling Coordination Services, including, but not limited to, Administrative Services Costs, allocated among the Participants in accordance with this Agreement and the Power Management and Administrative Services Agreement.

4.9 Indemnify NCPA in regard to Scheduling Coordination Services provided to a Participant by NCPA.

**Section 5. Allocation of CAISO Charges and Credits.** All CAISO charges and credits for services invoiced by the CAISO to NCPA will be allocated among the Participants in accordance with Appendix B, or as otherwise determined by

the Commission. Appendix B includes a detailed description of the methodologies used by NCPA to allocate CAISO charges and credits invoiced by CAISO to NCPA, as such CAISO charges and credits are assessed through use of CAISO charge codes, and is meant to reflect allocation methodologies consistent with the CAISO Tariff and NCPA Service Agreements. Appendix B may be amended from time to time in accordance with Section 17.6 of this Agreement to add, modify and/or remove CAISO charge codes, as required, to ensure Appendix B remains consistent with current market rules and business practices.

5.1 Allocation of CAISO Charges and Credits for Non NCPA Projects.

Appendix E herein contains a list of all generation resources, demand response resources and other resources for which NCPA provides Scheduling Coordination Services on behalf of the Participants. The resources listed in Appendix E may include NCPA Projects, member owned and operated resources, and resources in which a Participant has a contractual entitlement to the energy and/or capacity of such facilities. Unlike NCPA Projects, where NCPA's and Participants' obligations are defined in a Project Agreement and/or the Amended and Restated Facilities Agreement, NCPA may have a limited or no contractual relationship, other than the obligations set forth in this Agreement, with a Participant or a Third Party to specify obligations of the Parties with respect to scheduling, operation and settlement of non NCPA

Project resources. Therefore, a Participant who receives Scheduling Coordination Services from NCPA for a non NCPA Project resource hereby agrees to indemnify NCPA from and against, and be fully liable for, its entitlement share of all costs associated with scheduling, operation and settlement of such non NCPA Project resource, including, but not limited to, CAISO charges and credits invoiced to NCPA attributed to the non NCPA Project resource, and to pay all costs for NCPA's provision of Scheduling Coordination Services to the non NCPA Project resource on behalf of the Participant, that arise during the term of this Agreement and subsequent to the term of this Agreement. CAISO charges and credits, and all other costs associated with the provision of Scheduling Coordination Services to a non NCPA Project resource shall be allocated to the Participants in accordance with Appendix B, or as otherwise determined by the Commission.

**Section 6. Billing and Payments.**

6.1 Invoices. NCPA will issue an invoice to each Participant for its share of estimated and actual CAISO charges and credits, costs associated with NCPA's provision of Scheduling Coordination Services, including Administrative Services Costs, and all other costs for services provided in accordance with this Agreement. Such invoice may be either the All Resources Bill or separate special invoice, as determined by NCPA. Such invoices will be

made pursuant to the requirements and procedures provided for in this Agreement and all other applicable agreements. At NCPA's discretion, invoices may be issued to Participants using electronic media or physical distribution.

6.2 Payment of Invoices. All non-emergency invoices delivered by NCPA (including the All Resources Bill) are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the following Business Day. NCPA may apply a Participant's share of the Balancing Account to the payment of all or any portion of an invoice to such Participant (including that portion of an invoice relating to Scheduling Coordination Services), provided that application of such funds from the Balancing Account shall not relieve the Participant from any late payment charges pursuant to Section 6.3. To the extent that NCPA applies funds from the Balancing Account to pay an amount due under an invoice, following receipt of payment of such invoice by the relevant Participant, NCPA shall deposit the relevant portion of the payment into the Balancing Account and credit such deposit to such Participant. Emergency invoices delivered by NCPA shall be due and payable on the date indicated on such invoice, or as indicated in Section 10.4.

6.3 Late Payments. Any amount due and not paid by a Participant in accordance with Sections 6.2, Section 9 and Section 10 shall be considered late

and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

6.4 Billing Disputes. A Participant may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days of the date of such invoice; nonetheless the Participant shall pay the full amount billed when due. If a Participant does not timely question or dispute the accuracy of any invoice in writing the invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, NCPA shall issue a corrected invoice and refund any amounts that may be due to the Participant. If NCPA and the Participant fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after the Participant has disputed it, the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission and the Participant fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days of its submission to the Commission, the dispute may then be resolved under the mediation and arbitration procedures set forth in Section 16 of this Agreement. Provided, however, that prior to resorting to either mediation or arbitration proceedings, the full amount of the disputed invoice must have been paid.

6.5 Billing/Settlement Data and Examination of Books and Records.

6.5.1 Billing/Settlement Data. NCPA shall make billing and settlement data available to the Participants in the All Resources Bill, or other invoice, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Participants using electronic media (e.g. electronic data portal). Procedures and formats for the provision of such electronic data submission may be as established by the NCPA Commission from time to time. Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require the Participants to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal.

6.5.2 Examination of Books and Records. Any Participant to this Agreement shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

**Section 7. Cooperation and Further Assurances.** Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by any other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided



for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

**Section 8. Participant Covenants and Defaults.**

8.1 Each Participant covenants and agrees: (i) to make payments to NCPA, from its Electric System Revenues, of its obligations under this Agreement as an operating expense of its Electric System; (ii) to fix the rates and charges for services provided by its Electric System, so that it will at all times have sufficient Revenues to meet the obligations of this Agreement, including the payment obligations; (iii) to make all such payments due NCPA under this Agreement whether or not there is an interruption in, interference with, or reduction or suspension of services provided under this Agreement, such payments not being subject to any reduction, whether by offset or otherwise, and regardless of whether any dispute exists; and (iv) to operate its Electric System, and the business in connection therewith, in accordance with Good Utility Practice.

8.2 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Participant (the "Defaulting Participant"):

(i) the failure of any Participant to make any payment in full to NCPA when due, where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure;

(ii) the failure of a Participant to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure.

Provided, that this subsection shall not apply to any failure to make payments specified by subsection 8.2 (i));

(iii) if any representation or warranty of a Participant material to the services provided hereunder shall prove to have been incorrect in any material respect when made and the Participant does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days of the date of receipt of notice from NCPA demanding cure; or

(iv) if a Participant is in default or in breach of any of its covenants under any other agreement with NCPA and such default or breach is not cured within the time periods specified in such agreement.

8.3 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces. Provided, that in order to be

relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide oral notice to the General Manager using telephone communication within two (2) Business Days of the onset of the Uncontrollable Force, and subsequently provide written notice to the General Manager and all other Parties within ten (10) Business Days of the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch. Provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

8.4 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 8.2 above, as may be applicable, provided, however, upon request of the Defaulting Participant the Commission may waive the default at its sole discretion, where such waiver shall not be unreasonably withheld.

8.5 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 8.2, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action NCPA may have against the Defaulting Participant, NCPA may take any or all of the following actions:

(i) suspend the provision of services under this Agreement to such Defaulting Participant;

(ii) demand that the Defaulting Participant provide further assurances to guarantee the correction of the default, including the collection of a surcharge or increase in electric rates, or such other actions as may be necessary to produce necessary Revenues to correct the default;

(iii) terminate this Agreement as to the Defaulting Participant, on ten (10) Calendar Days prior written notice to the Defaulting Participant; or

(iv) enforce all other rights or remedies available to it under any other agreement in which the Defaulting Participant is a signatory.

8.6 Special Covenants Regarding Balancing Account. In the event that a Participant's balance of the Balancing Account is insufficient to cover all invoices for costs incurred under this Agreement delivered to such Participant, then, without limiting NCPA's other rights or remedies available under this

Agreement, at law or in equity, such Participant shall cooperate in good faith with NCPA and shall cure the default as rapidly as possible, on an emergency basis, taking all such action as is necessary, including, but not limited to, raising rates and charges to its customers to increase its Revenues to replenish its share of the Balancing Account as provided herein, drawing on its cash-on-hand and lines of credit, obtaining further assurances by way of credit support and letters of credit, and taking all such other action as will cure the default with all due haste.

8.7 Effect of Termination or Suspension.

8.7.1 Generally. The termination or suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged liabilities, credits or obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

8.7.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA with respect to a Participant in accordance with subsection 8.5 (i), such Participant shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the costs associated with NCPA's provision of Scheduling

Coordination Services, including Administrative Services Costs, that were not recovered from such Participant as a result of such suspension.

8.7.3 Termination. If this Agreement is terminated by NCPA with respect to a Participant in accordance with Section 8.5 (iii), such Participant shall pay any and all costs incurred by NCPA as a result of such termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated with such termination and any portion of costs associated with NCPA's provision of Scheduling Coordination Services that were not, or will not be, recovered from such Participant as a result of such termination; provided, however, if NCPA terminates this Agreement with respect to the last remaining Participant, then this Agreement shall terminate.

**Section 9. CAISO Security Deposit and Credit Requirements.** Any credit requirements, including, but not limited to, security, collateral, unsecured credit, or other deposits required by the CAISO, shall be provided by each Participant prior to NCPA providing services under this Agreement, and shall be maintained as may be required thereafter, pursuant to Appendix H. Failure to maintain sufficient credit, security, collateral, unsecured credit, or other deposits may impact NCPA's ability to perform services under this agreement. NCPA shall maintain a detailed accounting of the share of each Participant's credit,

security, collateral, unsecured credit or other deposits. Any changes in credit, security, unsecured credit or other deposits required by CAISO may be provided by NCPA from the Balancing Account, and NCPA shall invoice Participants within two (2) Business Days for their share of such required amounts, and will use the funds collected from the Participants to fund the Balancing Account. The obligation to provide credit, security, collateral, unsecured credit or other deposits as required by the CAISO shall be allocated to the Participants on the same basis as the applicable CAISO charge codes which the required amounts are based upon, as specified in Appendix B or the CAISO Tariff.

**Section 10. Balancing Account.** Any deposits into a Balancing Account pursuant to this Agreement shall be separate from and in addition to any security accounts maintained pursuant to any other agreements between NCPA and the Participant, or any other such security account required of Members.

10.1 **Initial Amounts.** Prior to NCPA providing Scheduling Coordination Services, a Participant shall deposit into the Balancing Account held by NCPA an amount equal to the highest three (3) months of estimated CAISO invoices for the succeeding twelve (12) months; provided, however, that such deposit may be satisfied in whole or in part either in cash or through a clean, irrevocable letter of credit satisfactory to the General Manager. NCPA

shall maintain a detailed accounting of the share of each Participant's deposit in the Balancing Account.

10.2 Subsequent Deposits. Periodically, and at least quarterly, NCPA shall review and revise its estimate of all costs Participants shall be obligated to pay under this Agreement. Following such review, NCPA shall determine whether each Participant has a sufficient balance in the Balancing Account. To the extent that any Participant's balance in the Balancing Account is greater than one hundred and ten percent (110%) of the amount required herein, NCPA shall credit such amount as soon as practicable to the Participant's next All Resources Bill, or to the Participant's general operating reserve account held at NCPA at the request of the Participant. To the extent that any Participant's balance in the Balancing Account is less than ninety percent (90%) of the amount required herein, NCPA shall add such amount as soon as practicable to such Participant's next All Resources Bill, or as necessary, to a special invoice to the Participant. Credits or additions shall not be made to Participants who satisfy these Balancing Account requirements in whole through the use of a letter of credit, provided that the amount of the letter of credit shall be adjusted by the Participant as necessary in a like manner to assure an amount equal to the highest three (3) months of CAISO invoices is available to NCPA.

10.3 Use of Balancing Account Funds.



10.3.1 NCPA may use any and all funds deposited into the Balancing Account (or utilize a letter of credit provided in lieu thereof) to pay any costs it incurs hereunder, without regard to any individual Participant's balance in the Balancing Account and irrespective of whether NCPA has issued an All Resources Bill or invoice for such costs to the Participants or whether a Participant has made timely payments of All Resources Bills or invoices. Should Participant have satisfied its Balancing Account requirements in whole or part through a letter of credit, NCPA may draw on such letter of credit to satisfy obligations hereunder.

10.3.2 If funds deposited into the Balancing Account, or provided through a letter of credit, are used by NCPA to pay any costs it incurs hereunder, NCPA, pursuant to Section 10.5, will maintain a detailed accounting of each Participant's shares of funds withdrawn from the Balancing Account or letter of credit, and upon the collection of all or a part of such withdrawn funds, NCPA will credit back to each Participant the funds collected in proportion to such non-defaulting Participant's share of funds withdrawn from the Balancing Account or letter of credit.

10.4 Emergency Additions. In the event that the funds are withdrawn pursuant to Section 10.3 of this Agreement, or if the Balancing Account is insufficient to allow payment of a CAISO invoice, NCPA shall notify all

Participants and then prepare and send a special or emergency assessment to the Participants. Each Participant shall pay to NCPA such assessment when and if assessed by NCPA within two (2) Business Days of the invoice date of the assessment or consent to and direct NCPA to draw on any existing letter of credit Participant has established for such purposes.

10.5 Accounting and Interest. NCPA shall maintain a detailed accounting of each Participant's deposits into and shares of withdrawals from the Balancing Account. Monies on deposit in the Balancing Account shall be invested by NCPA in accordance with policies set by the Commission. Interest earned on the Balancing Account shall be proportionately credited to the Participants in accordance with the balances in each Participant's Balancing Account. Any losses in the Balancing Account caused by early termination of investments or otherwise shall be allocated among the Participants in accordance with their proportionate share of the total Balancing Account.

10.6 Return of Funds. On the termination of this Agreement with respect to a Participant or a permitted withdrawal of a Participant in accordance with this Agreement, the affected Participant or Participants may apply to NCPA for the return of their share of Balancing Account funds ninety (90) days after the effective date of such termination or withdrawal. NCPA shall, in its sole discretion, as determined by the General Manager, estimate the then outstanding

liabilities of the Participant or Participants, including any estimated contingent liabilities and shall retain all such funds until all such liabilities have been fully paid or otherwise satisfied in full. After such determination by the General Manager, the balance of the Participant's share of the Balancing Account will be refunded to the Participant within sixty (60) days.

**Section 11. NCPA Administrative Costs.**

11.1 Cost of Services. All costs associated with NCPA's provision of Scheduling Coordination Services to the Participants, including, but not limited to, Administrative Services Costs, shall be allocated among the Participants in accordance with this Agreement and the Power Management and Administrative Services Agreement.

11.2 Scheduling Coordination Services Costs. Each Participant agrees to and acknowledges its mandatory obligation to pay its allocated share of costs associated with Scheduling Coordination Services, including, but not limited to, Administrative Services Costs, as invoiced in its All Resources Bill.

**Section 12. Administration of Agreement.**

12.1 General. The Commission has sole overall responsibility and authority for the administration of this Agreement. Any acts, decisions or approvals taken, made or sought by NCPA under this Agreement shall be taken,

made or sought, as applicable, in accordance with the Joint Powers Agreement, the NCPA Commission Bylaws and Section 12.2 of this Agreement.

12.2 Action by Commission.

12.2.1 Forum. Whenever any action anticipated by or related to this Agreement is to be taken by the Participants, such actions shall be taken at a regular or special meeting of the Commission, but shall be participated in only by those Commissioners, or their designated alternates (“Alternate”), who represent Participants.

12.2.2 Quorum. A quorum of the Commission, for purposes of acting upon matters relating to this Agreement, shall consist of those Commissioners, or their Alternate, representing a numerical majority of the Participants.

12.2.3 Voting. Each Participant shall have the right to cast one vote with respect to matters pertaining to this Agreement. Actions of the Commission with regard to this Agreement shall be effective upon a majority vote of the Participants.

12.3 Adoption and Amendment of Annual Budget. Annually, the Commission shall adopt an Annual Budget, which includes, but is not limited to, all costs attributed to services provided under this Agreement, for at least the next succeeding Fiscal Year in accordance with the Joint Powers Agreement and

this Agreement. Provided, however, that the Commission may in its discretion adopt a two-year budget if permitted to do so by the NCPA Commission Bylaws or the Joint Powers Agreement.

12.4 Facilities Committee. The Facilities Committee has been established pursuant to the Amended and Restated Facilities Agreement to act as an advisory committee to the Commission. The Commission may, in coordination with the General Manager, refer matters pertaining to the administration of this Agreement to the Facilities Committee for review and recommendation, including, but not limited to, proposed amendments to this Agreement and to the Appendices. If the Commission or General Manager refers matters pertaining to the administration of this Agreement to the Facilities Committee, NCPA will provide a copy of the public notice of the Facilities Committee meeting at which the matter will be discussed to the Participants. The Facilities Committee may act upon such matters referred to it by the Commission in accordance with the procedures, including the general administration quorum and voting procedures, set forth in the Amended and Restated Facilities Agreement. Any recommendations of the Facilities Committee shall be made to the Commission, Project Participants, and others, as appropriate, in coordination with the General Manager.

**Section 13. Term and Termination.**

13.1 Effective Date. This Agreement shall become effective on the first day of the month after which it has been duly executed by all Participants, and delivered to and executed by NCPA (the “Effective Date”). NCPA shall notify all Participants in writing of the Effective Date.

13.2 Term and Termination. The Term of this Agreement shall commence on the Effective Date, and shall continue in effect until terminated by consent of all Parties that have not withdrawn or materially defaulted as provided herein.

**Section 14. Admission and Withdrawal of Participants.**

14.1 Admission of a New Participant. Subsequent to the initial Effective Date, a Member may become a Participant by executing this Agreement. Such Member will become a Participant effective on the date of its delivery to NCPA of an executed counterpart of this Agreement.

14.2 Withdrawal of Participants. Any Participant may withdraw from this Agreement (“**Withdrawing Participant**”) by submitting notice, in writing to all Parties at least two (2) years in advance of the effective date of such withdrawal, provided that such withdrawal shall only be effective on the last day of a Fiscal Year and that the Withdrawing Participant has fully satisfied all obligations it has incurred under this Agreement. The two (2) year duration of the notice requirement may be waived or reduced by the Commission in its sole

discretion. Withdrawal by any Participant shall not terminate this Agreement as to the remaining Participants.

14.3 Associated Costs. A Withdrawing Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing Participant's liabilities, credits or obligations, including any contingent liabilities, credits or obligations.

14.4 No Effect on Prior Liabilities. Withdrawal by any Participant will not terminate any ongoing or un-discharged liabilities, credits or obligations, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or such Withdrawing Participant has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

A Withdrawing Participant shall not be obligated to compensate the remaining Participants for loss of any benefits that would have accrued to the remaining Participants if the Withdrawing Participant had continued its participation. Nor shall the remaining Participants be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Participants because of the withdrawal. Reallocation of the costs and benefits of continuing under this Agreement after a Participant has withdrawn shall not

give rise to any claim against a Withdrawing Participant by the remaining Parties. Nor shall any of the remaining Parties be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Parties because of such a reallocation of costs and benefits.

14.5 New Additions or Partial Withdrawal.

14.5.1 New Additions. A Participant may request in writing, using the form contained in Appendix G, that NCPA provide Scheduling Coordination Services for new or additional resources, trades or other CAISO products for which NCPA has not previously provided services under this agreement on behalf of the Participant (for example, a new generation resource). Upon receipt of such written request from a Participant, NCPA, at its sole discretion, may agree to provide Scheduling Coordination Services for the new or additional resource, trades or other CAISO products on behalf of the Participant, and the provision of such services will be subject to the terms and conditions of this Agreement, and the Appendices of this Agreement will be amended as required.

14.5.2 Partial Withdrawal. A Participant may request to withdraw certain loads, resources, trades or other CAISO products (“**Withdrawn Assets**”) for which NCPA provides Scheduling Coordination Services under this Agreement, by providing ninety (90) days advanced



written notice to NCPA, so that NCPA will no longer provide Scheduling Coordination Services for the Participant's Withdrawn Assets; provided, however, that Participant shall remain fully liable for its share of any outstanding or future liabilities incurred by NCPA attributed to the Withdrawn Asset, pursuant to Section 14.4 of this Agreement. The ninety (90) days duration of the notice requirement may be waived or reduced by the Commission in its sole discretion.

**Section 15. Other Agreements.**

15.1 Precedence of Agreement. Where there is any conflict between this Agreement and the Joint Powers Agreement, a Project Agreement or a Project Indenture of Trust, the provisions in the Joint Powers Agreement, Project Agreement or Project Indenture of Trust shall control.

**Section 16. Settlement of Disputes and Arbitration.** The Parties agree to make best efforts to settle all disputes among themselves connected with this Agreement as a matter of normal business under this Agreement. The procedures set forth in Section 10 of the Power Management and Administrative Services Agreement shall apply to all disputes that cannot be settled by the Participants themselves; provided, that the provisions of Section 6.4 shall first apply to all disputes involving invoices prepared by NCPA.

**Section 17. Miscellaneous.**

17.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the

Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

17.2 Indemnification and Hold Harmless. Subject to the provisions of Section 17.4, each Participant agrees to indemnify, defend and hold harmless NCPA and its Members, including their respective governing boards, officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Participant, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

17.3 Several Liabilities. No Participant shall be liable under this Agreement for the obligations of any other Participant, and each Participant shall be solely responsible and liable for performance of its obligations under this Agreement, except as otherwise provided for herein, and the obligation of each

Participant under this Agreement is a several obligation and not a joint obligation with those of the other Participants.

17.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH

CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

17.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the Commission. Any such waiver by the Commission in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

17.6 Amendments.

17.6.1 Amendments in General. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by

written instrument executed by the Parties with the same formality as this Agreement.

17.6.2 Approval and Amendment to Appendices.

Notwithstanding Section 17.6.1, any addition to, amendment to or removal of the Appendices of this Agreement shall take effect after being approved by the Commission in a manner consistent with the voting procedures set forth in Section 12 without the requirement of an approval of the individual Participants' governing bodies.

17.7 Assignment of Agreement.

17.7.1 Binding Upon Successors. This Agreement, including the Appendices attached hereto, shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

17.7.2 No Assignment. This Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, where such consent shall not be unreasonably withheld. Without limiting the foregoing, this Agreement shall not be assigned by Plumas-Sierra Rural Electric Cooperative without the approval in writing of the Administrator of the Rural Electrification Administration Utilities Service.

17.8 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

17.9 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

17.10 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

17.11 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any Party shall be in writing, and shall either be personally delivered to a Participant's Commissioner or Alternate, and to the General Manager, or shall be transmitted to the Participant and the General Manager at the addresses shown on the signature pages hereof. The designation of such addresses may be changed at any time by written notice given to the General Manager who shall thereupon give written notice of such change to each

Participant. All such notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication.

17.12 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such Participant evidencing approval of and authority to enter into this Agreement.

17.13 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.



17.14 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

17.15 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

17.16 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 17.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

17.17 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties,

to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

IN WITNESS WHEREOF, NCPA and each Participant have, by the  
signature of its duly authorized representative shown below, executed and  
delivered a counterpart of this Agreement.

NORTHERN CALIFORNIA  
POWER AGENCY  
651 Commerce Drive  
Roseville, CA 95678

CITY OF ALAMEDA  
2000 Grand Street  
P.O. Box H  
Alameda, CA 94501

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF BIGGS  
465 "C" Street  
Biggs, CA 95917

CITY OF GRIDLEY  
685 Kentucky Street  
Gridley, CA 95948

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

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By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF HEALDSBURG  
401 Grove Street  
Healdsburg, CA 95448

CITY OF LODI  
221 W. Pine Street  
Lodi, CA 95240

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF LOMPOC  
100 Civic Center Plaza  
Lompoc, CA 93436

CITY OF OAKLAND, acting  
by and through its  
Board of Port Commissioners  
530 Water Street  
Oakland, CA 94607

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: Port General Counsel  
Date: \_\_\_\_\_

CITY OF PALO ALTO  
250 Hamilton Avenue  
Palo Alto, CA 94301

PLUMAS-SIERRA RURAL  
ELECTRIC COOPERATIVE  
73233 Highway 70  
Portola, CA 96122

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

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By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

CITY OF ROSEVILLE  
311 Vernon Street  
Roseville, CA 95678

CITY OF SANTA CLARA  
1500 Warburton Avenue  
Santa Clara, CA 95050

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

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By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

SAN FRANCISCO BAY AREA RAPID  
TRANSIT DISTRICT  
300 Lakeside Drive, 16<sup>th</sup> Floor  
Oakland, CA 94612

CITY OF UKIAH  
300 Seminary Avenue  
Ukiah, CA 95482

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

**APPENDIX A**  
**LIST OF PARTICIPANTS**

The following is a list of the Participants who are signatories to this Agreement:

City of Alameda  
City of Biggs  
City of Gridley  
City of Healdsburg  
City of Lodi  
City of Lompoc  
City of Oakland, acting by and through its Board of Port Commissioners  
City of Palo Alto  
City of Roseville  
City of Santa Clara  
City of Ukiah  
Plumas Sierra Rural Electric Cooperative  
San Francisco Bay Area Rapid Transit District

**APPENDIX B**  
**CAISO SETTLEMENTS SUMMARY**

The CAISO Settlement Summary is separately attached to this Agreement as NCPA Appendix B.



**APPENDIX C**  
**POWER SCHEDULE GUIDE**

The NCPA Power Schedule Guide is separately attached to this Agreement as Appendix C.

## **APPENDIX D**

### **SCPA APPENDIX DEFINITIONS GLOSSARY**

The SCPA Appendix Definitions Glossary is separately attached to this Agreement as Appendix D.

## APPENDIX E

### PARTICIPANT RESOURCES

The following is a list of the Participant resources for which NCPA provides Scheduling Coordination Services pursuant to this Agreement.

<b><u>Resource Name</u></b>	<b><u>Resource ID</u></b>
Alameda GT Unit 1	ALMEGT_1_UNIT 1
Alameda GT Unit 2	ALMEGT_1_UNIT 2
Black Butte Hydro	BLCKBT_2_STONEY
Beardsley Hydro	BEARDS_7_UNIT 1
Collierville Hydro Unit 1 & 2 Aggregate	COLVIL_7_PL1X2
Container Corp. of America	CONTAN_1_UNIT
Ameresco San Joaquin LLC	CORRAL_6_SJOAQN
Santa Clara Co-Gen	CSCCOG_1_UNIT 1
Gianera Peaker Unit 1	CSCGNR_1_UNIT 1
Gianera Peaker Unit 2	CSCGNR_1_UNIT 2
Donnells Hydro	DONNLS_7_UNIT
Donald Von Raesfeld Power Project	DUANE_1_PL1X3
Stoney Gorge Hydro Aggregate	ELKCRK_6_STONYG
Neal Road Landfill Generating Facility	ESQUON_6_LNDFIL
Johnson Canyon Landfill	GONZLS_6_UNIT
Gridley Main Two	GRIDLY_6_SOLAR
Santa Cruz Landfill Generating Plant	GRNVLY_7_SCLAND
Keller Canyon Landfill Gen Facility	KIRKER_7_KELCYN
Lodi Gas Turbine	LODI25_2_PL1X2
Lodi Energy Center	LODIEC_2_PL1X2
NCPA Geo Plant 1 Unit 1	NCPA_7_GP1UN1
NCPA Geo Plant 1 Unit 2	NCPA_7_GP1UN2
NCPA Geo Plant 2 Unit 3	NCPA_7_GP2UN3
NCPA Geo Plant 2 Unit 4	NCPA_7_GP2UN4
High Line Canal	ORLND_6_HIGHLI
Ox Mountain Landfill Generating Plant	OXMTN_6_LNDFIL
Cooperatively Owned Back Up Generator	PALALT_7_COBUG
Bay Environmental (NOVE Power)	RICHMN_7_BAYENV
Spicer Hydro Units 1-3 Aggregate	SPICER_1_UNITS

Lodi STIG Unit  
Tulloch Hydro  
Ukiah Lake Mendocino Hydro

STIGCT\_2\_LODI  
TULLCK\_7\_UNITS  
UKIAH\_7\_LAKEMN

## APPENDIX F

### TECHNICAL METERING STANDARDS

All Participant meters and field equipment associated with NCPA's provision of Scheduling Coordination Services are required to comply with the technical metering standards included in this Appendix F. Meters associated with NCPA's provision of Scheduling Coordination Services are meters that are covered by a NCPA Scheduling Coordinator identification number (e.g. SCID: NCPA).

**Section 1. Metering Standard Specifications and Procedures.** All meters monitored by NCPA's System Control and Data Acquisition system ("SCADA") shall, at a minimum, conform to the following requirements:

1.1 Metering Requirements.

1.1.1 Primary Meter. Each primary meter shall:

(i) be CAISO certified and conform to the current CAISO metering requirements at the time of installation as specified in the CAISO business practice manual for metering;

(ii) support Distributed Network Protocol ("DNP") and CAISO Revenue Metering Data Acquisition and Processing System ("RMDAPS") standards as required by the CAISO; and

(iii) have an Ethernet port.

1.1.2 Secondary Meter. Each secondary meter shall be configured with the same functionality as the primary meter and be wired to provide redundant metering service.

1.1.3 Router. Each router shall:

- (i) provide a secure network connection to the NCPA SCADA system at a speed of 56k or faster;
- (ii) support Virtual Private Network ("VPN") tunneling; and
- (iii) have an available Ethernet port for each meter connection and a dedicated port for the Remote Terminal Unit ("RTU").

1.1.4 Power. Power for metering and communications equipment shall not be provided through the station potential transformer. Backup power for metering equipment shall be supplied through a uninterruptible power supply ("UPS") capable of maintaining the meter, router (and its related networking equipment), and the RTU, if present, for a minimum of 48 hours. Where station service power is not available, the UPS charge shall be maintained by solar power or other local generation, as applicable, with a battery carry through period of not less than five days.

1.2 Physical Security Requirements. The router, Ethernet connection and/or dial-up phone connection is to be physically secured from tampering. If

the equipment is located in a shared facility, the equipment shall be enclosed in a locked cabinet (for example, Hoffman part number CTD364812 or equivalent).

1.3 Logical Security Requirements. Meters that use the CAISO Energy Communication Network (“ECN”) for communication need to be configured in accordance with the CAISO Information Security Requirements for the Energy Communication Network. Each meter needs to be protected behind a router with strong access control lists (“ACLs”) or firewall protection to help prevent unauthorized access to the meter. The router or firewall used needs to have the ability to send logs back to a central logging server to trigger alerts associated with malicious or unusual network behavior. The router or firewall that protects the meter needs to have the ability to terminate site-to-site VPN tunnels. Data provided from the metering equipment shall be transported to NCPA’s SCADA system through VPN tunnels, and CAISO shall access meters through NCPA maintained VPN tunnels. Additional VPN tunnels may be configured back to non-NCPA systems in coordination with NCPA staff.

1.4 Access. Access to meters and associated equipment shall be granted to NCPA staff, or its delegates, to perform maintenance and repairs on meters and communications equipment. NCPA locks will be provided at each

metering location where unescorted access by NCPA staff, or its delegates, is permitted by the Participant.



**APPENDIX G**  
**NEW ADDITIONS**

Pursuant to Section 14.5.1 of this Agreement a Participant may request in writing that NCPA provide Scheduling Coordination Services for new or additional loads, resources, trades or other CAISO products for which NCPA has not previously provided services under this Agreement. Such requests for new additions must be submitted to NCPA using the standard form attached separately to this Agreement as Appendix G.

## APPENDIX H

### CAISO SECURITY DEPOSIT AND CREDIT REQUIREMENTS

Pursuant to Section 9 of this Agreement, in order to satisfy CAISO security deposit and credit requirements each Participant shall provide to NCPA security, collateral, unsecured credit, or other deposits in accordance with the procedure identified in this Appendix H.

#### **Section 1.    CAISO Security Deposit and Credit Requirements Procedure**

1.1    Assignment of Unsecured Credit. Pursuant to the CAISO Tariff, each Participant may use unsecured credit to collateralize its calculated estimated aggregate liability for all transactions made through the CAISO markets except for any calculated liability associated with congestion revenue rights. Pursuant to CAISO Tariff section 12.1.1.1 (5) a local publicly owned electric utility with a governing body having ratemaking authority that has submitted an application for an unsecured credit limit shall be entitled to an unsecured credit limit of \$1 million without regard to its net assets; provided, however, a Participant shall be entitled to request an unsecured credit limit based on its net assets as provided in the CAISO Tariff in order to establish an unsecured credit limit greater than \$1 million dollars.

Pursuant to authority provided under the CAISO Tariff, each Participant that has a positive estimated aggregate liability, as determined by NCPA, shall assign an amount of its unsecured credit limit to NCPA equal to the lesser of \$1 million or its estimated aggregate liability. NCPA shall notify a Participant regarding the need to provide additional unsecured credit limit, or other form of collateral acceptable to NCPA and CAISO, to NCPA if the amount of unsecured credit assigned to NCPA by a Participant is not equal to or greater than its estimated aggregate liability, as calculated by NCPA based on the maximum of the highest forecasted monthly CAISO budget costs or actual allocated monthly CAISO costs. Each Participant shall promptly notify the CAISO and request that an additional amount of its unsecured credit limit or other form of acceptable collateral be assigned to NCPA that is equal to the positive difference between its estimated aggregate liability and the amount of unsecured credit limit currently assigned to NCPA.

**SECOND AMENDED AND RESTATED  
POOLING AGREEMENT**

## Table of Contents

Section 1.	Definitions.....	3
Section 2.	Purpose.....	9
Section 3.	Duties of the Commission.....	9
Section 4.	Duties of the General Manager and NCPA Staff.....	12
Section 5.	Resource Planning, Load Forecasting and Energy/Capacity Requirements.....	15
Section 6.	Power Pool Purchases and Sales.....	19
Section 7.	Pool Scheduling and Central Dispatch.....	20
Section 8.	NCPA Administrative Costs .....	22
Section 9.	Billing and Payments.....	23
Section 10.	Cooperation and Further Assurances .....	25
Section 11.	Participant Covenants and Defaults .....	26
Section 12.	Pooling Schedules .....	31
Section 13.	Other Agreement.....	31
Section 14.	Term and Termination.....	31
Section 15.	Admission and Withdrawal of Participants.....	32
Section 16.	Settlement of Disputes and Arbitration .....	33
Section 17.	Miscellaneous.....	34
Pooling Schedule 1.	List of Participants.....	1
Pooling Schedule 2.	Allocation of Power Pool Management Services Costs .....	1
Pooling Schedule 3.	Forecasting .....	1
Pooling Schedule 4.	NCPA Capacity Pool .....	1
Pooling Schedule 5.	NCPA Capacity Pool Resource Adequacy Program.....	1
Pooling Schedule 6.	Principles for Sale of Pool Excess Energy .....	1
Pooling Schedule 7.	Economic Dispatch, Scheduling and Operation of Resources .....	1
Pooling Schedule 8.	Pool Settlement and Accounting Method.....	1
Pooling Schedule 9.	Transmission .....	1
Pooling Schedule 10.	Load Following Costs and Allocations .....	1
Pooling Schedule 11.	Western Area Power Administration Allocations.....	1
Pooling Schedule 12.	Billing Procedures .....	1
Pooling Schedule 13.	Acquisition of GHG Compliance Instruments for GHG Compliance Obligations.....	1

This SECOND AMENDED AND RESTATED POOLING AGREEMENT

("this Agreement") is dated as of \_\_\_\_\_, 20\_\_ by and among the Northern California Power Agency, a joint powers agency of the State of California ("NCPA"), and the signatories to this Agreement other than NCPA ("Participants"). NCPA and the Participants are referred to herein individually as a "Party" and collectively as the "Parties".

**RECITALS**

A. NCPA has heretofore been duly established as a public agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

B. Each of the Participants is a signatory to the Joint Powers Agreement which created NCPA and therefore is a Member.

C. Each of the Participants owns a system for the distribution of electric capacity and energy for resale or its own use and is authorized to obtain electric capacity and energy for its present or future requirements, through contracts with NCPA or otherwise.

D. The Participants desire to establish an operating resource pool (hereinafter referred to as the "Pool" or "Pooling") to jointly manage their

collective portfolios of loads and resources to avail themselves of the full benefits of pooling.

E. The Participants desire NCPA to establish facilities, staff and the capability to provide Power Pool Management Services, including, but not limited to, load, resource and price forecasting, resource planning, optimization, energy and capacity procurement and sales, risk analysis and management, pre-scheduling, scheduling and dispatch activities, power pool operations and settlement standards, contract administration and industry restructuring and advocacy activities.

F. NCPA has established facilities, staff and the capability for the provision of Power Pool Management Services to the Participants, including, but not limited to, load, resource and price forecasting, resource planning, optimization, energy and capacity procurement and sales, risk analysis and management, pre-scheduling, scheduling and dispatch activities, power pool operations and settlement standards, contract administration and industry restructuring and advocacy activities.

G. By establishing the Pool it is intended that each Participant will receive operating reliability and economic benefits from participating in the Pool, and that such benefits should be greater than, or at least equal to, the benefits which would have been derived from the use of the Participant's own resources

if the resources had been scheduled and operated for the Participant's maximum benefit for use on its own loads.

H. The Participants intend to observe the provisions of this Agreement in good faith and shall cooperate with all other Parties in order to achieve the full benefits of pooling.

I. Each Participant agrees to pay its allocated share of costs associated with NCPA's provision of Power Pool Management Services in accordance with this Agreement and the Power Management and Administrative Services Agreement.

J. The Participants further desire, insofar as possible, to insulate other Members, whether or not such Members are also Participants, from risks inherent in the services and transactions undertaken on behalf of any given Participant or group of Participants.

K. The Agreement amends, restates and replaces the certain Amended and Restated Pooling Agreement dated as of October 29, 2008 (as amended, "the prior pooling agreement"), and the prior pooling agreement is hereafter of no further force or effect.

NOW, THEREFORE, the Parties agree as follows:

**Section 1. Definitions.**



1.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 1 of this Agreement shall have the meaning indicated in Section 1 of the Power Management and Administrative Services Agreement:

1.1.1 “Administrative Services Costs” means that portion of the NCPA administrative, general and occupancy costs and expenses, including those costs and expenses associated with the operations, direction and supervision of the general affairs and activities of NCPA, general management, treasury operations, accounting, budgeting, payroll, human resources, information technology, facilities management, salaries and wages (including retirement benefits) of employees, facility operation and maintenance costs, taxes and payments in lieu of taxes (if any), insurance premiums, fees for legal, engineering, financial and other services, power management services, general settlement and billing and general risk management costs, that are charged directly or apportioned to the provision of Power Pool Management Services. Administrative Services Costs as separately defined herein and used in the context of this Agreement is different and distinct from the term Administrative Services Costs as defined

in Section 1 of the Power Management and Administrative Services Agreement.

1.1.2 “Agreement” means this Second Amended and Restated Pooling Agreement, including all Pooling Schedules.

1.1.3 “Assignment Administration Agreement” or “AAA Agreement” means an agreement between NCPA and certain of its Members; whereby NCPA has agreed to accept assignment of assignor’s base resource percentage, and will administer the Assignment Contract for the benefit of assignor in order to create a power resource portfolio for the mutual benefit of the Members, including the Participants.

1.1.4 “Assignment Contract” has the meaning as defined in the AAA Agreement.

1.1.5 “Base Resource Contract” means Contract 04-SNR-00782 between NCPA and Western.

1.1.6 “Congestion Revenue Right” or “CRR” means a CRR Obligation or CRR Option.

1.1.7 “CRR Obligation” means a financial instrument that entitles the holder to a payment when congestion is in the direction of the CRR source to CRR sink specification and imposes on its holder a charge

when congestion is in the opposite direction of the CRR source and CRR sink specification pursuant to the CAISO Tariff.

1.1.8 “CRR Option” means a financial instrument that entitles its holder to a payment when congestion is in the direction of the CRR source to CRR sink specification.

1.1.9 “Defaulting Participant” has the meaning set forth in Section 11.2 of this Agreement.

1.1.10 “Event of Default” has the meaning set forth in Section 11.2 of this Agreement.

1.1.11 “NCPA Capacity Pool” is a voluntary program in which Participants pool and transact capacity in addition to the pooling of other resources pursuant to this Agreement.

1.1.12 “Participant” has the meaning set forth in the recitals of this Agreement. Participants to this Agreement are listed in Pooling Schedule 1.

1.1.13 “Party” or “Parties” has the meaning set forth in the recitals hereto; provided that “Third Parties” are entities that are not party to this Agreement.

1.1.14 “Pool” or “Pooling” means the operating resource pool established under this Agreement to jointly manage the Participants’ collective portfolios of loads and resources.

1.1.15 “Pool Forecast” means the Participant load forecast of combined Pool energy and Pool peak demand developed in accordance with Section 5.1.2 of this Agreement.

1.1.16 “Pool Load Resource Balance” means the optimizing and managing of assets, including gas/fuel and electric power transactions, procurement of transmission, ancillary services and coordinating energy delivery scheduling to meet the physical and financial needs of a Participant or group of Participants for electric power.

1.1.17 “Pooling Schedules” are the principles and/or procedures adopted by the Commission, which are appended to and made part of this Agreement, and are subject to change or amendment from time to time pursuant to Section 17.7.2.

1.1.18 “Power Pool Management Services” means the services NCPA supplies to the Participants pursuant to this Agreement, including, but not limited to, load, resource and price forecasting, resource planning, optimization, energy and capacity procurement and sales, risk analysis and management, pre-scheduling, scheduling and dispatch activities, power pool

operations and settlement standards, contract administration and industry restructuring and advocacy activities.

1.1.19 “Power Pool Management Services Costs” means costs associated with NCPA’s provision of Power Pool Management Services pursuant to this Agreement, including, but not limited to, Administrative Services Costs, determined by the Commission as part of the Annual Budget.

1.1.20 “Power Management and Administrative Services Agreement” means the NCPA Power Management and Administrative Services Agreement, dated as of \_\_\_\_\_, 20\_\_ between NCPA and the Members who are signatories to that agreement by which NCPA provides power management and administrative services.

1.1.21 “Third Party” means an entity (including a Member) that is not a Party to this Agreement.

1.1.22 “Western” means the Western Area Power Administration, or its successor.

1.1.23 “Withdrawing Participant” has the meaning set forth in Section 15.2 of this Agreement.

1.2 Rules of Interpretation. All words and references as used in this Agreement (including the Recitals hereto), unless in any such case the context

requires otherwise, shall be interpreted pursuant to Section 1.2 of the Power Management and Administrative Services Agreement.

**Section 2. Purpose.** The purpose of this Agreement is to set forth the terms and conditions under which NCPA may provide Power Pool Management Services to the Participants.

**Section 3. Duties of the Commission.**

3.1 Commission. The Commission is responsible for the administration of this Agreement. Each Member shall be represented by its Commissioner or their designated alternate Commissioner (“Alternate”) pursuant to the Joint Powers Agreement. Each Commissioner shall have authority to act for the Participant represented with respect to matters pertaining to this Agreement.

3.2 Duties and Authorities. In addition to the administration of this Agreement, the duties and authorities of the Commission are as specified in the Joint Powers Agreement and the NCPA Commission Bylaws.

3.3 Forum. Whenever any action anticipated by this Agreement is required to be jointly taken by the Participants, such action shall be taken at regular or special meetings of the NCPA Commission.

3.4 Quorum. For purposes of acting upon matters that relate to the administration of this Agreement, a quorum of the Commission shall consist of

those Commissioners, or their designated Alternates, representing a numerical majority of the Participants.

3.5 Voting.

3.5.1 General Administration. For acting upon matters that relate to the general administration of this Agreement, each Participant shall have the right to cast one (1) vote. Actions of the Commission shall be effective only upon a majority vote of the Participants.

3.5.2 Power Pool Management Services Cost Allocation Methodology. For acting upon matters that relate to the methodology for allocating costs associated with Power Pool Management Services, as set forth in Pooling Schedule 2, the following voting procedure shall be used. Actions of the Commission shall be effective only upon both of the following conditions being satisfied:

(i) each Participant shall have the right to cast one (1) vote, and actions of the Commission shall be effective only upon an affirmative vote of eighty percent (80%) or more of the Participants; and

(ii) each Participant shall have the right to cast one (1) vote and each Participant's vote shall be weighted based on its percentage share of Power Pool Management Services Costs, including the portion of Administrative Services Costs allocated to Power Pool Management Services, as such costs are

set forth in the prior Fiscal Year budget. Actions of the Commission shall be effective only upon an affirmative vote of sixty five percent (65%) or more of the Participants; provided, however, if the voting right of any Participant exceeds thirty five percent (35%) that Participant's voting right shall be limited to thirty five percent (35%) and the Participant's voting right percentage in excess of thirty five percent (35%) shall be proportionally reassigned to the Participants whose voting right percentage is less than thirty five percent (35%).

3.6 Adoption and Amendment of Annual Budget. Annually, the Commission shall adopt an Annual Budget, which includes, but is not limited to, all costs attributed to Power Pool Management Services, for at least the next succeeding Fiscal Year in accordance with the NCPA Joint Powers Agreement and this Agreement. Provided, however, that the Commission may in its discretion adopt a two-year budget if permitted to do so by the NCPA Commission Bylaws or the Joint Powers Agreement.

3.7 Facilities Committee. The Facilities Committee has been established pursuant to the Amended and Restated Facilities Agreement to act as an advisory committee to the Commission. The Commission or General Manager may refer matters pertaining to the administration of this Agreement to the Facilities Committee for review and recommendation, including, but not limited to, proposed amendments to this Agreement and to the Pooling



Schedules. If the Commission or General Manager refers matters pertaining to the administration of this Agreement to the Facilities Committee, NCPA will provide a copy of the public notice of the Facilities Committee meeting at which the matter will be discussed to the Participants. The Facilities Committee may act upon such matters referred to it by the Commission in accordance with the procedures, including the general administration quorum and voting procedures, set forth in the Amended and Restated Facilities Agreement. Any recommendation of the Facilities Committee shall be made to the Commission, Project Participants, and others, as appropriate, in coordination with the General Manager.

**Section 4. Duties of the General Manager and NCPA Staff.**

4.1 Reporting Authority. The General Manager shall report to, and be supervised by, the Commission pursuant to the Joint Powers Agreement.

4.2 NCPA Staff. The General Manager shall hire such staff or consultants as necessary to carry out NCPA's obligations pursuant to this Agreement, within the constraints of the Annual Budget.

4.3 Duties and Authority. The General Manager, or NCPA staff designated by the General Manager, shall:

- (a) Carry out directions of the Commission with respect to matters related to this Agreement;

(b) Direct and carry out all responsibilities of NCPA pursuant to this Agreement to supply Power Pool Management Services to the Participants. Examples of said responsibilities include but are not limited to:

- (1) Providing Scheduling Coordination Services for the Participants' loads and resources in accordance with the Amended and Restated Scheduling Coordination Program Agreement;
- (2) Acting as an Operating Entity on behalf of the Participants;
- (3) Providing pre-scheduling, scheduling and central dispatch services to the Participants;
- (4) Developing load, resource and price forecasts for the Participants;
- (5) Perform short term and long term resource planning and optimization for the Participants;
- (6) Management of Pool Load Resource Balance activities;
- (7) Performing nomination and bidding activities to acquire and transact Congestion Revenue Rights, and managing Congestion Revenue Rights holdings on behalf of the Participants;

- (8) Entering into Balance of Month Transactions and transactions for a term less than balance-of-month for purchasing and selling energy, capacity, transmission capacity, and other related services and products on behalf of the Participants;
- (9) Acquire GHG Compliance Instruments on behalf of the Participants to fulfill a GHG emission compliance obligation imposed by the State or federal government incurred by NCPA or a Participant resulting from activities conducted pursuant to this Agreement;
- (10) Perform risk analysis and management to mitigate risks associated with Pool activities;
- (11) Developing Pool operating principles, practices and procedures and settlement standards associated with Pool activities;
- (12) Providing contract administration, industry restructuring and advocacy activities to the Participants;
- (13) Developing a billing system and invoice Participants;
- (14) Preparing and submitting proposed budgets for costs associated with Power Pool Management Services, including Administrative Services Costs, for the ensuing Fiscal Year to

the Commission and appropriate NCPA committees on such schedule as established by the Commission;

- (15) Presenting to the appropriate committees and the Commission proposed amendments to this Agreement and the Pooling Schedules for review and approval.

4.4 Goals and Objectives. Each year, the General Manager shall propose to the Commission, specific goals and objectives for the NCPA staff as such relate to this Agreement. NCPA shall provide periodic reports to the Commission regarding progress toward meeting the approved goals and objectives.

4.5 Consultation with Participants. The General Manager shall consult with the Participants from time to time, as needed, to advise him or her on a particular matter relevant to this Agreement.

**Section 5. Resource Planning, Load Forecasting and Energy/Capacity Requirements.**

5.1 Resource Planning. NCPA, in coordination with the Participants, shall develop load and resource balance information at least quarterly for the Pool and for each Participant, using load and resource forecasts developed pursuant to this Agreement. The load and resource balance information developed shall be utilized by NCPA and the Participants to coordinate and

manage Pooling activities, including, but not limited to, supply investments and transaction activities, to maintain reliability of service and strive to obtain the maximum overall economies on behalf of the Participants.

5.1.1 Participant Load Forecasts. Annually each Participant may submit to NCPA a forecast of its monthly peak demand and energy load for the subsequent fifteen calendar year period. Such information shall consist of forecasts for the upcoming calendar year and the subsequent fourteen calendar year period. If a Participant does not submit such forecast information to NCPA in accordance with a schedule established by NCPA, NCPA staff will work in conjunction with the Participant to jointly produce such forecast information. The load forecast information shall be prepared in accordance with the applicable Pooling Schedules. The load forecast information may be used to develop load and resource balance information for the Pool and each Participant.

5.1.2 Pool Load Forecast. Annually NCPA shall develop combined Pool peak demand and energy load forecasts (the "Pool Forecast") using Participant load forecast information provided to NCPA in accordance with Section 5.1.1. Such forecast information shall be for a period of fifteen calendar years, including the upcoming calendar year and the subsequent fourteen calendar year period. The Pool Forecast shall be prepared in

accordance with the applicable Pooling Schedules. The Pool Forecast may be used by NCPA to develop load and resource balance information for the Pool and each Participant.

5.1.3 Participant Supply Portfolio. Each Participant shall promptly notify NCPA in advance of any new or material changes to its supply portfolio, including, but not limited to, additions to, retirements of, or any changes in generation, power supply contracts, transmission resources, or other supply sources which can affect the Participant's current or future load and resource balance, or NCPA's obligation to acquire sufficient supply to serve Pool load in the balance of month timeframe.

5.2 Capacity Reserve Requirements. Each Participant is required to comply with capacity reserve requirements established by its applicable regulatory authority. Each Participant may voluntarily elect to participate in the NCPA Capacity Pool to transact capacity among and between the Participants who have elected to participate in the NCPA Capacity Pool, pursuant to the rules and criteria set forth in the applicable Pooling Schedules.

5.3 Energy Requirement. Each Participant is required to comply with energy requirements established by its applicable regulatory authority. If such energy requirements impact NCPA's provision of Power Pool Management

Services or the activities associated with such, the provisions of such energy requirements shall be incorporated within an applicable Pooling Schedule.

5.4 Energy and Capacity Needs Determination. NCPA, using the Pool and Participant load and resource balance and forecast information developed pursuant to this Agreement, will evaluate each Participant's energy/capacity portfolio to determine if each Participant is in compliance with the energy and/or capacity requirements established by its applicable regulatory authority. If NCPA, based upon its assessment, determines that a Participant is not in compliance with its established energy and/or capacity requirements, NCPA shall consult with and provide an estimate of the energy and/or capacity need to the Participant for additions to the Participant's energy and/or capacity portfolio in order to satisfy the applicable requirements.

NCPA may consult with and assist the Participants in identifying potential energy and/or capacity supply that can be acquired to fill any deficiencies identified pursuant to this Section 5.4; provided, however, the individual Participants are responsible for procuring any additional energy and/or capacity needed to meet requirements established by their respective regulatory authority, where the term of such procurement is greater than balance of month, through separate agreements.

5.5 Allocation of Costs Resulting from Energy/Capacity Shortages.

Any charges or penalties incurred by NCPA as a result of a Participant not having sufficient energy and/or capacity to meet the requirements established by its respective regulatory authority, will be allocated among the Participants pursuant to the principles of cost causation. Such charges and/or penalties shall be proportionally allocated among the Participant(s) who cause the charges and/or penalties. If the cause of the charges and/or penalties were due to the deficiency of energy and/or capacity, then the Participant(s) who were deficient will be allocated the cost of such shortfall. If based on available information NCPA is unable to determine the basis of the charges and/or penalties incurred by NCPA, the charges and/or penalties shall be allocated among the Participants based on a methodology established by the Commission.

**Section 6. Power Pool Purchases and Sales.**

6.1 Power Pool Purchases and Sales. NCPA shall purchase and sell energy, capacity, ancillary services and transmission on behalf of the Participants and thereby strive to economically serve the Pool load and meet other service obligations. NCPA shall enter purchase and sale transactions for a term of balance of month or less, including, but not limited to, transactions in the day-ahead, intra-day, and real-time time frame for energy, capacity, ancillary services and transmission on behalf of the Participants. Costs and revenues associated



with purchase and sale transactions entered into by NCPA on behalf of the Participants shall be allocated among the Participants in accordance with the applicable Pooling Schedules.

Transactions for energy, capacity, ancillary services and transmission for a term greater than balance of month shall be undertaken pursuant to separate agreements between NCPA and those Participants entering in to such agreements.

6.2 Acquisition of GHG Compliance Instruments. NCPA shall acquire GHG Compliance Instruments to satisfy any GHG compliance obligations that result from NCPA's provision of Power Pool Management Services under this Agreement, including, but not limited to, the purchase and sale of interchange transactions (energy imports and exports), in accordance with the applicable Pooling Schedule. All costs associated with the acquisition of GHG Compliance Instruments shall be allocated among the Participants in accordance with the applicable Pooling Schedule.

**Section 7. Pool Scheduling and Central Dispatch.**

7.1 Central Dispatch. Each Participant shall, to the fullest extent practicable, subject all loads, power supplies and transmission entitlements, including, but not limited to, a Participant's Project Participation Percentage share of energy and capacity supplied from a NCPA Project, Participant owned

and operated generation, and power supply contracts, to the central dispatch of NCPA and the Pool. All Participant loads, power supplies and transmission entitlements shall be scheduled and dispatched by NCPA in accordance with this Agreement for the benefit of the Pool, with the objective of creating economies of scale, striving to achieve the highest value for power supply resources and the lowest practical costs to serve loads, consistent with reliability standards, and in accordance with Good Utility Practice.

7.2     Scheduling Coordination. NCPA shall provide Scheduling Coordination Services and shall monitor, schedule, settle and dispatch Pool capacity, energy and associated attributes for delivery of Pool power supplies to Pool loads in accordance with this Agreement and the Amended and Restated Scheduling Coordination Program Agreement. Therefore the Participant shall become signatories to the Amended and Restated Scheduling Coordination Program Agreement. NCPA shall act as an Operating Entity on behalf of the Participants for the scheduling of Pool loads and power supplies, subject to all applicable operating constraints, requirements and tariffs applicable to such activities.

7.3     Scheduling of Western Resource. The Participants' entitlement to Western power (hereinafter referred to as "Base Resource"), which has been assigned to NCPA pursuant to each respective Assignment Contract entered into

between the Participants and Western, shall be scheduled by NCPA in accordance with the AAA Agreement and the Base Resource Contract. To the extent the AAA Agreement and Base Resource Contract do not address certain aspects of Base Resource scheduling, scheduling of Base Resource will be performed in accordance with this Agreement.

7.4 Metering. Each Participant shall install and maintain meters and metering equipment in accordance with all applicable metering requirements and standards, including, but not limited to, all standards and requirements enforced in the CAISO Tariff, the Amended and Restated Scheduling Coordination Program Agreement, and the MSSA Agreement, at their respective points of interconnection or as otherwise required. Each Participant shall be solely responsible for maintaining their respective metering equipment; provided, however, a Participant may contract with NCPA to supply meter maintenance services pursuant to separate agreements.

**Section 8. NCPA Administrative Costs.**

8.1 Cost of Services. All costs associated with NCPA's provision of Power Pool Management Services to the Participants, including, but not limited to, Administrative Services Costs and Power Pool Management Services Costs, shall be allocated among the Participants in accordance with this Agreement and the Power Management and Administrative Services Agreement.

8.2 Power Pool Management Services Costs. Each Participant agrees to and acknowledges its mandatory obligation to pay its allocated share of costs associated with Power Pool Management Services, including, but not limited to, Administrative Services Costs, as invoiced in its All Resources Bill.

**Section 9. Billing and Payments.**

9.1 Invoices. NCPA will issue an invoice to each Participant for its share of costs associated with Power Pool Management Services, and all other costs for services provided in accordance with this Agreement. Such invoice may be either the All Resources Bill or separate special invoice, as determined by NCPA. Such invoices will be made pursuant to the requirements and procedures provided for in this Agreement and all other applicable agreements. At NCPA's discretion, invoices may be issued to Participants using electronic media or physical distribution.

9.2 Payment of Invoices. All invoices delivered by NCPA (including the All Resources Bill) are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the following Business Day.

9.3 Late Payments. Any amount due and not paid by a Participant in accordance with Section 9.2 shall be considered late and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or

reference rate) of the Bank of America NT&SA then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

9.4 Billing Disputes. A Participant may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days of the date of such invoice; nonetheless the Participant shall pay the full amount billed when due. If a Participant does not timely question or dispute the accuracy of any invoice in writing the invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, NCPA shall issue a corrected invoice and refund any amounts that may be due to the Participant. If NCPA and the Participant fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after the Participant has disputed it, the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission and the Participant fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days of its submission to the Commission, the dispute may then be resolved under the mediation and arbitration procedures set forth in Section 16 of this Agreement. Provided, however, that prior to resort to either mediation or arbitration proceedings, the full amount of the disputed invoice must have been paid.

9.5 Billing/Settlement Data and Examination of Books and Records.

9.5.1 Settlement Data. NCPA shall make billing and settlement data available to the Participants in the All Resources Bill, or other invoice, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Participants using electronic media (e.g. electronic data portal). Procedures and formats for the provision of such electronic data submission may be as established by the NCPA Commission from time to time. Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require the Participants to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal.

9.5.2 Examination of Books and Records. Any Participant to this Agreement shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

**Section 10. Cooperation and Further Assurances.** Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by any other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry

out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

**Section 11. Participant Covenants and Defaults.**

11.1 Each Participant covenants and agrees: (i) to make payments to NCPA, from its Electric System Revenues, of its obligations under this Agreement as an operating expense of its Electric System; (ii) to fix the rates and charges for services provided by its Electric System, so that it will at all times have sufficient Revenues to meet the obligations of this Agreement, including the payment obligations; (iii) to make all such payments due NCPA under this Agreement whether or not there is an interruption in, interference with, or reduction or suspension of services provided under this Agreement, such payments not being subject to any reduction, whether by offset or otherwise, and regardless of whether any dispute exists; and (iv) to operate its Electric System, and the business in connection therewith, in accordance with Good Utility Practice.

11.2 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Participant (the “Defaulting Participant”):

(i) the failure of any Participant to make any payment in full to NCPA when due, where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure;

(ii) the failure of a Participant to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure.

Provided, that this subsection shall not apply to any failure to make payments specified by subsection 11.2 (i));

(iii) if any representation or warranty of a Participant material to the services provided hereunder shall prove to have been incorrect in any material respect when made and the Participant does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days of the date of receipt of notice from NCPA demanding cure; or

(iv) if a Participant is in default or in breach of any of its covenants under any other agreement with NCPA and such default or breach is not cured within the time periods specified in such agreement.

11.3 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces. Provided, that in order to be



relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide initial notice to the General Manager using telephone communication within two (2) Business Days of the onset of the Uncontrollable Force, and second provide further written notice to the General Manager and all other Parties within ten (10) Business Days of the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch. Provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

11.4 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 11.2 above, as may be applicable, provided, however, upon request of the Defaulting Participant the Commission may waive the default at its sole discretion, where such waiver shall not be unreasonably withheld.

11.5 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 11.2, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action NCPA may have against the Defaulting Participant, NCPA may, for so long as such Event of Default continues uncured, take any or all of the following actions:

(i) suspend the provision of services under this Agreement to such Defaulting Participant;

(ii) demand that the Defaulting Participant provide further assurances to guarantee the correction of the default, including the collection of a surcharge or increase in electric rates, or such other actions as may be necessary to produce necessary Revenues to correct the default;

(iii) terminate this Agreement as to the Defaulting Participant, on ten (10) Calendar Days prior written notice to the Defaulting Participant; or

(iv) enforce all other rights or remedies available to it under any other agreement in which the Defaulting Participant is a signatory.

11.6 Effect of Termination or Suspension.

11.6.1 Generally. The termination or suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or

undischarged liabilities, credits or obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

11.6.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA with respect to a Participant in accordance with subsection 11.5 (i), such Participant shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the costs associated with NCPA's provision of Power Pool Management Services, including Administrative Services Costs, that were not recovered from such Participant as a result of such suspension.

11.6.3 Termination. If this Agreement is terminated by NCPA with respect to a Participant in accordance with Section 11.5 (iii), such Participant shall pay any and all costs incurred by NCPA as a result of such termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated with such termination and any portion of costs associated with NCPA's provision of Power Pool Management Services that were not, or will not be, recovered from such Participant as a result of such

termination; provided, however, if NCPA terminates this Agreement with respect to the last remaining Participant, then this Agreement shall terminate.

**Section 12. Pooling Schedules.**

12.1 Pooling Schedules. Pooling Schedules shall be established relating to activities and operations of the Pool and administrative matters for the implementation of this Agreement. All Pooling Schedules may be established, repealed or amended by the Commission in accordance with this Agreement.

12.2 Scope of Pooling Schedules. Pooling Schedules include detailed principles, descriptions and procedures for managing, operating, scheduling, billing and settlement for Pooling activities.

**Section 13. Other Agreements.**

13.1 Precedence of Agreement. Where there is any conflict between this Agreement and the Joint Powers Agreement, a Project Agreement or a Project Indenture of Trust, the provisions in the Joint Powers Agreement, Project Agreement or Project Indenture of Trust shall control.

**Section 14. Term and Termination.**

14.1 Effective Date. This Agreement shall become effective on the first day of the month after which it has been duly executed by all Participants, and delivered to and executed by NCPA (the “Effective Date”). NCPA shall notify all Participants in writing of the Effective Date.

14.2 Term and Termination. This Agreement shall continue in full effect until terminated by consent of all Parties.

**Section 15. Admission and Withdrawal of Participants.**

15.1 Admission of a New Participant. Subsequent to the initial Effective Date, a Member may become a Participant by executing this Agreement. Such Member will become a Participant effective on the date of its delivery to NCPA of an executed counterpart of this Agreement.

15.2 Withdrawal of Participants. Any Participant may withdraw from this Agreement (“**Withdrawing Participant**”) by submitting notice, in writing to all Parties at least two (2) years in advance of the effective date of such withdrawal, provided that such withdrawal shall only be effective on the last day of a Fiscal Year and that the Withdrawing Participant has fully satisfied all obligations it has incurred under this Agreement. The two (2) year duration of the notice requirement may be waived or reduced by the Commission in its sole discretion. Withdrawal by any Participant shall not terminate this Agreement as to the remaining Participants.

15.3 Associated Costs. A Withdrawing Participant shall reimburse NCPA for any and all costs resulting from the withdrawal, including but not limited to the legal, accounting, and administrative costs of winding up and assuring the complete satisfaction and discharge of the Withdrawing

Participant's liabilities, credits or obligations, including any contingent liabilities, credits or obligations.

15.4 No Effect on Prior Liabilities. Withdrawal by any Participant will not terminate any ongoing or un-discharged liabilities, credits or obligations, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or such Withdrawing Participant has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

A Withdrawing Participant shall not be obligated to compensate the remaining Participants for loss of any benefits that would have accrued to the remaining Participants if the Withdrawing Participant had continued its participation. Nor shall the remaining Participants be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Participants because of the withdrawal. Reallocation of the costs and benefits of continuing under this Agreement after a Participant has withdrawn shall not give rise to any claim against a Withdrawing Participant by the remaining Parties. Nor shall any of the remaining Parties be obligated to compensate the Withdrawing Participant for any benefits that accrue to the remaining Parties because of such a reallocation of costs and benefits.

**Section 16. Settlement of Disputes and Arbitration.** The Parties agree to make best efforts to settle all disputes among themselves connected with this

Agreement as a matter of normal business under this Agreement. The procedures set forth in Section 10 of the Power Management and Administrative Services Agreement shall apply to all disputes that cannot be settled by the Participants themselves; provided, that the provisions of Section 9.4 shall first apply to all disputes involving invoices prepared by NCPA.

**Section 17. Miscellaneous.**

17.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying

Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

17.2 Indemnification and Hold Harmless. Subject to the provisions of Section 17.4, each Participant agrees to indemnify, defend and hold harmless NCPA and its Members, including their respective governing boards, officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys' fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Participant,



its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

17.3 Several Liabilities. Except as otherwise provided herein or in an applicable Project Agreement, no Participant shall be liable under this Agreement for the obligations of any other Participant, each Participant shall be solely responsible and liable for performance of its obligations under this Agreement and the obligation of each Participant under this Agreement is a several obligation and not a joint obligation with those of the other Participants.

17.4 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL NCPA OR ANY PARTICIPANT OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL,

SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NCPA AND EACH PARTICIPANT EACH HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

17.5 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this Agreement shall be effective unless given by the Commission. Any such waiver by the Commission in any particular instance

shall not be deemed a waiver with respect to any subsequent performance, default or matter.

17.6 Division of Responsibility. Neither the General Manager, the Parties to this Agreement, nor an entity acting on behalf of the Parties, shall be responsible for the transmission, control, use, or application of capacity and energy provided under this Agreement or the Pooling Schedules attached hereto on the receiving Party's side of such Party's point of interconnection and shall not, in any event, be liable for damage or injury to any person or property whatsoever, arising, accruing, or resulting from, in any manner, the receiving, transmission, control, use application, or distribution by NCPA, or the Participants, or any Third Party acting on behalf of NCPA or the Parties, of said capacity and energy on the receiving Party's side of such Party's point of interconnection.

17.7 Amendments.

17.7.1 Amendments in General. Except where this Agreement specifically provides otherwise, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

17.7.2 Approval and Amendment of Pooling Schedules. Any addition to, amendment to or repeal of the Pooling Schedules attached hereto

shall take effect after being approved by the Commission in a manner consistent with the voting procedures set forth in Section 3.5 of this Agreement, without the requirement of an approval of the individual Participants' governing bodies.

17.8 Assignment of Agreement.

17.8.1 Binding Upon Successors. This Agreement, including the Pooling Schedules, shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

17.8.2 No Assignment. This Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, where such consent shall not be unreasonably withheld. Without limiting the foregoing, this Agreement shall not be assigned by Plumas-Sierra Rural Electric Cooperative without the approval in writing of the Administrator of the Rural Electrification Administration Utilities Service.

17.9 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and

effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

17.10 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

17.11 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

17.12 Notices. Any notice, demand or request required or authorized by this Agreement to be given to any Party shall be in writing, and shall either be personally delivered to a Participant's Commissioner or Alternate, and to the General Manager, or shall be transmitted to the Participant and the General Manager at the addresses shown on the signature pages hereof. The designation of such addresses may be changed at any time by written notice given to the General Manager who shall thereupon give written notice of such change to each Participant. All such notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication.

17.13 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms. Upon execution of this Agreement, each Participant shall deliver to NCPA a resolution of the governing body of such Participant evidencing approval of and authority to enter into this Agreement.

17.14 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

17.15 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

17.16 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

17.17 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 17.2 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

17.18 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties, to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

IN WITNESS WHEREOF, NCPA and each Participant have, by the  
signature of its duly authorized representative shown below, executed and  
delivered a counterpart of this Agreement.

NORTHERN CALIFORNIA  
POWER AGENCY  
651 Commerce Drive  
Roseville, CA 95678

CITY OF ALAMEDA  
2000 Grand Street  
P.O. Box H  
Alameda, CA 94501

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF BIGGS  
465 "C" Street  
Biggs, CA 95917

CITY OF GRIDLEY  
685 Kentucky Street  
Gridley, CA 95948

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

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By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_



CITY OF HEALDSBURG  
401 Grove Street  
Healdsburg, CA 95448

CITY OF LODI  
221 W. Pine Street  
Lodi, CA 95240

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

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By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

CITY OF LOMPOC  
100 Civic Center Plaza  
Lompoc, CA 93436

CITY OF OAKLAND, acting  
by and through its  
Board of Port Commissioners  
530 Water Street  
Oakland, CA 94607

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: Port General Counsel  
Date: \_\_\_\_\_

CITY OF PALO ALTO  
250 Hamilton Avenue  
Palo Alto, CA 94301

PLUMAS-SIERRA RURAL  
ELECTRIC COOPERATIVE  
73233 Highway 70  
Portola, CA 96122

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: General Counsel  
Date: \_\_\_\_\_

CITY OF UKIAH  
300 Seminary Avenue  
Ukiah, CA 95482

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: City Attorney  
Date: \_\_\_\_\_

**POOLING SCHEDULE 1**  
**LIST OF PARTICIPANTS**

The following is a list of the Participants who are signatory to this Agreement:

City of Alameda  
City of Biggs  
City of Gridley  
City of Healdsburg  
City of Lodi  
City of Lompoc  
City of Oakland, acting by and through its Board of Port Commissioners  
City of Palo Alto  
City of Ukiah  
Plumas-Sierra Rural Electric Cooperative

## POOLING SCHEDULE 2

### ALLOCATION OF POWER POOL MANAGEMENT SERVICES COSTS

Pursuant to Section 8.1 of this Agreement, all costs associated with NCPA's provision of Power Pool Management Services to the Participants, including, but not limited to, Administrative Services Costs and Power Pool Management Services Costs, shall be allocated among the Participants in accordance with this Agreement and the Power Management and Administrative Services Agreement.

**Section 1. Allocation of Power Pool Management Services Costs.** The costs directly assigned to Power Pool Management Services budget categories, or that are directly assigned or are allocated to the Pool Operating Entity, pursuant to the Power Management and Administrative Services Agreement, shall be allocated among the Participants using the following methodology:

- **Allocation Basis A – Applicable through the end of Fiscal Year 2014**

<b>Direct Assignment Categories</b>	<b>Allocation Basis</b>
Forecasting	Pool & BART (78% Load / 22% Contracts)
Resource Planning	Pool & BART (78% Load / 22% Contracts)
Prescheduling	Pool (78% Load / 22% Contracts)
Power Pool Administration	Pool (78% Load / 22% Contracts)
Pooling Committee	Pool (78% Load / 22% Contracts)
Industry Restructuring	Pool (78% Load / 22% Contracts)
Risk Management	Pool & BART (78% Load / 22% Contracts)
TANC Representation	TANC Participation Percentages

Western Representation	Western Base Resource Percentages **
Scheduling Coordination	Pool (78% Load / 22% Contracts)
Real-Time Dispatch	Pool (78% Load / 22% Contracts)

\*\* Includes Truckee-Donner PUD

- **Allocation Basis B – Applicable Beginning Fiscal Year 2015**

<b>Direct Assignment Categories</b>	<b>Allocation Basis</b>
Forecasting	Pool & BART (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Resource Planning	Pool & BART (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Prescheduling	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Power Pool Administration	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Pooling Committee	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Industry Restructuring	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Risk Management	Pool & BART (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
TANC Representation	TANC Participation Percentages
Western Representation	Western Base Resource Percentages **
Scheduling Coordination	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)
Real-Time Dispatch	Pool (33.3% Load / 33.3% Contracts / 33.3% Pool Resources)

\*\* Includes Truckee-Donner PUD

**Section 2. Cost Allocation Review Process.** Subsequent to the Effective Date of this Agreement, a Participant may submit a written notice to the General

Manager requesting that the Power Pool Management Services Costs allocation methodology, as set forth in Section 1 of this Pooling Schedule 2, be evaluated to determine if the allocation methodology is consistent with the principle of cost causation, and is representative of the benefits received by the Participants for services provided under this Agreement. Such request must include a statement explaining the basis on which the Participant believes the Power Pool Management Services Costs allocation methodology should be amended, and include a description of what changes the Participant proposes to make to the Power Pool Management Services Costs allocation methodology.

Upon receiving such written request the General Manager shall establish an ad hoc committee of Participants. The ad hoc committee shall meet and review the Power Pool Management Services Costs allocation methodology. Upon completing its review of the proposal and the Pool Management Services Costs allocation methodology, the ad hoc committee shall provide recommendations for amendments to the Power Pool Management Services Costs allocation methodology, if any, to the General Manager. Adoption of any proposed amendments to the Pool Management Services Costs Allocation methodology shall be subject to the provisions of Section 3 of this Agreement.

## POOLING SCHEDULE 3

### FORECASTING

**Section 1.    Forecasting Overview.** Electric load forecasts are required for a number of reasons by various entities. These entities include, but are not limited to, Pacific Gas and Electric Company (“PG&E”), the CAISO, the California Energy Commission (“CEC”) and NCPA. For example, the Interconnection Agreement between NCPA, PG&E and certain Members (“IA”) states that “NCPA shall provide PG&E with NCPA’s electric load planning data by October 15 of each year. Such electric load planning data shall contain the best estimate of NCPA’s electric system load for the next five-year period being served at Points of Interconnection.” The MSS Agreement states that “NCPA shall provide to the CAISO annually its ten-year forecasts of Demand growth ... Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff.” Changing regulations, such as resource adequacy and NERC reporting, may generate new forecasting requirements and deadlines.

Each Participant may also have its own internal forecast requirements that may be different from the requirements established by PG&E, CAISO, CEC, and NCPA. When Participants have a need to update their forecasts, NCPA will incorporate such updated forecast information in its database. NCPA will use a

Participant's most recent forecast held in the NCPA database when fulfilling reporting and regulatory requirements, as they may exist. In addition to using a Participant's most recent forecast held in the NCPA database to fulfill reporting and regulatory requirements, NCPA will use such data for budget and invoicing purposes, and to develop load and resource balance information pursuant to Section 5 of this Agreement.

**Section 2. Data Requirements.** Pursuant to California Code of Regulations, Title 20, Section 1306(a)(1) and 1307(a)(1), the CEC requires each energy service provider, electric retailer, gas retailer, utility distribution company and local distribution company that sells electricity or gas to end-use customers in California to report, on a quarterly basis, monthly electric and natural gas sales data. When Participants submit this data directly to the CEC, Participants shall also provide a copy of the data to NCPA staff. Instructions and timelines for submitting this data may be found in the CEC publication "Electric/Gas Sales and Electric Generation Data Collection, Forms and Instructions", dated May 2001. The instructions are also available on the CEC website, and can be accessed using the following web address:

<http://www.energy.ca.gov/electricity/forms.html>

Participants shall submit to NCPA estimated future energy and demand savings resulting from implementation of energy efficiency programs. For



Participants that submit their own forecasts to NCPA these savings should be stated separately from their energy and peak demand forecasts. If a Participant does not submit energy efficiency program estimates to NCPA, NCPA will assume that no energy efficiency programs have been implemented by the Participant.

Participants shall also submit to NCPA estimates of their load management and/or demand response programs. A load management and/or demand response program is generally described as a program in which the utility can request (or require) a customer to curtail load during times of system distress. For example, a residential air conditioning cycling program is considered as a load management program in the context of this Agreement. Participants shall report to NCPA a summary of all of its load management and/or demand response programs by September 15 of each Calendar Year. Throughout the year Participants shall report any changes or revisions to these programs and their expectation of use, especially during the peak summer periods. If a Participant does not submit load management and/or demand response estimates to NCPA, NCPA will assume no load management and/or demand response programs have been implemented by the Participant.

**Section 3.     Forecasts.** In order to meet long-term forecasting requirements Participants may choose to submit their own forecast or provide NCPA the

historical data required for NCPA to develop a long-term forecast for the Participant. A Participant submitting its own forecasts to NCPA shall do so whenever the forecast is updated to ensure NCPA has current forecast information. NCPA will develop revised forecasts in early fall of each year. Each fifteen-year forecast shall include monthly energy (i.e., MWh measured at the city meter(s)) and peak demand (i.e. MW integrated over the hour as measured at city meter). The fifteen-year forecasts of monthly energy and peak demand will be allocated to integrated hourly values by NCPA. The allocation of forecast information should be made so NCPA can derive monthly coincident peak demand forecasts for each Participant, and have available a forecast of hourly loads for use by NCPA in the Plexos Modeling. Plexos Modeling is a software tool that is used in the Annual Budget process and for long-term resource planning.

The process used to develop forecasts, and the type of data used to develop forecasts, shall remain dynamic in nature and may deviate from the process described in this Pooling Schedule to meet revised requirements and/or due dates driven by an ever-changing regulatory environment. As such, these data requirements, forecasts, and due dates are subject to change. NCPA will update this Pooling Schedule to reflect such change when appropriate.

Each year, NCPA will produce and distribute a table showing the due dates for all data and forecast submittals. The table will summarize the data requirements and due dates for the data, and will summarize which Participants are required to submit data to NCPA in accordance with the published schedule for the upcoming Fiscal Year. It will also summarize data and forecast requirements that NCPA must comply with in reporting forecast information to state, federal, and other regulatory entities.

**Section 4.     Long-Term Forecast Scenarios.** If long-term forecast scenarios are required by NCPA or a regulatory authority, NCPA will develop the scenarios in coordination with the Participants.

**Section 5.     Long-Term Forecast Documentation.** Participants that produce their own forecasts shall provide relevant documentation and support, and will make staff available to provide explanations of their forecast methodology to the applicable regulatory authorities, as requested.

**Section 6.     Short-Term Forecasts.** NCPA will develop all short-term forecasts, and will include input from Participants in such forecasts when provided. These forecasts include the active day, day-ahead, week-ahead and month-ahead time frames. The active-day forecasts are used to balance Pool load and system sales and/or purchases in the CAISO intra-day markets. The day-ahead forecasts are used to balance Pool load and system sales and/or purchases in the CAISO day-

ahead markets. The rolling week-ahead forecasts are submitted to the CAISO on a daily basis as required by the CAISO Tariff and the MSS Agreement. The month-ahead forecasts are used to develop pre-month scheduling plans. Monthly forecasts will integrate information included in the long-term and short-term forecasts, and will include information such as current weather information, economic and demographic data, and will include other relevant factors and inputs provided by the Participants.

**POOLING SCHEDULE 4**  
**NCPA CAPACITY POOL**

**Section 1. NCPA Capacity Pool.** Pursuant to Section 5.2 of this Agreement, each Participant is required to comply with capacity reserve requirements established by its applicable regulatory authority. Each Participant may comply with such requirements by either participating in the NCPA Capacity Pool or by providing a compliance demonstration pursuant to the rules and criteria established by its applicable regulatory authority. This Pooling Schedule 4 establishes the rules and criteria for participating in the NCPA Capacity Pool, and includes the NCPA Capacity Pool Capacity Transfer Process.

The NCPA Capacity Pool participants recognize that to achieve a high degree of reliability in the electric service supplied to their customers, an amount of resources sufficient to meet both the immediate loads of their customers and to also permit maintenance, to provide for planning and forced generation outages, and to account for load forecast errors is required. In order to achieve a high degree of reliability in the electric service supplied to their customers, the NCPA Capacity Pool participants have elected to develop a common set of mandatory standards and criteria against which Participants that elect to participate in the NCPA Capacity Pool will be measured to determine if

Participants have acquired sufficient capacity to maintain the desired high degree of reliability.

The CAISO Tariff contains provisions requiring all load serving entities that have a peak demand exceeding one (1) MW, and that serve demand within the CAISO balancing authority area, to demonstrate that they have acquired sufficient capacity to meet both a planning reserve margin established by their applicable regulatory authority, and local capacity area resource requirements established by the CAISO. Each of the Participants currently operates within the CAISO balancing authority area as Load Following Metered Subsystem Entities and are signatories to the MSS Agreement. Pursuant to the CAISO Tariff Load Following Metered Subsystem Entities are required to provide to the CAISO a resource adequacy plan and to comply with local capacity area resource requirements established by the CAISO.

The right to establish certain requirements set forth in the CAISO Tariff has been delegated to the Participant's applicable regulatory authority. As a result, the NCPA Capacity Pool participants have been granted the right to establish the following provisions which are utilized within the overall compliance program:

- (i) planning reserve margin; and

(ii) rule and criteria for calculating Qualifying Capacity and eligible resource types

The NCPA Capacity Pool allows Participants to aggregate capacity resources to comply with capacity reserve requirements, and to establish a mechanism to transfer surplus capacity among the NCPA Capacity Pool participants, as required. As further described below, there are rules and criteria for participating in the NCPA Capacity Pool, and rules and criteria used to coordinate the transfer of capacity between participants in the NCPA Capacity Pool.

**Section 2.     General Rules and Criteria for Participating in the NCPA Capacity Pool.**

2.1     Participation. Participation in the NCPA Capacity Pool is voluntary. In order to participate in the NCPA Capacity Pool during the applicable compliance period, a Participant must inform NCPA, in writing, of its election to participate in the NCPA Capacity Pool two (2) weeks after the later of the:

- (i) July Commission meeting;
- (ii) date on which the capacity prices for system and local area capacity are developed and approved by the Commission; or

(iii) date on which the CAISO and/or CEC publishes the final local area capacity requirements and monthly coincident peak demand determination information that will be used to calculate each Participant's capacity reserve obligation.

Such election must be made prior to the annual system and local area compliance deadline for the applicable compliance period. Additional elections as described in this Pooling Schedule 4 are also due to be submitted as part of the annual election to participate. Once a Participant has elected to participate in the NCPA Capacity Pool, the Participant must continue to participate in the NCPA Capacity Pool in accordance with Pooling Schedules 4 and 5 for a minimum of one (1) year before it may elect to withdraw from the NCPA Capacity Pool. Once a Participant has elected to participate in the NCPA Capacity Pool, the Participant will continue to be recognized as a NCPA Capacity Pool participant until a notice of withdrawal has been received by NCPA from the participant. If a participant elects to withdraw from the NCPA Capacity Pool, the notification of withdrawal must be made to NCPA, in writing, on the same date in which Participants are required to elect to participate in the NCPA Capacity Pool for the applicable compliance period. Once a Participant has withdrawn from the NCPA Capacity Pool the Participant may not elect to rejoin the NCPA Capacity Pool until the specified election date for the compliance year following the



compliance year from which it has withdrawn (i.e., minimum one (1) year withdrawal).

2.2 Delegation of Authority. NCPA Capacity Pool participants are required to comply with common rules and criteria unless a participant identifies within its election to participate its choice to limit the type of resources that are eligible to be recognized as qualifying capacity in accordance with Pooling Schedule 5. In such case, the participant choosing not to include an identified resource type within its compliance demonstration will be unable to transfer such capacity within the NCPA Capacity Pool in accordance with Pooling Schedule 4. Other than any elected exception, the common rules and criteria are documented within the NCPA Capacity Pool Resource Adequacy Program contained in Pooling Schedule 5. Included within the NCPA Capacity Pool Resource Adequacy Program are common standards including the development of a planning reserve margin and rules and criteria used to calculate resource adequacy qualifying capacity. By electing to become a participant in the NCPA Capacity Pool, and by executing this Agreement, a Participant, and its applicable regulatory authority, are therefore delegating the authority granted to it, as stated in the CAISO tariff, to establish an applicable planning reserve margin and to develop a common set of rules and criteria used to calculate resource adequacy qualifying capacity to the Commission.

### 2.3 Establishment of Common Rules and Criteria for Compliance.

Each of the NCPA Capacity Pool participants shall comply with the common rules and criteria contained in the NCPA Capacity Pool Resource Adequacy Program documented within Pooling Schedule 5 unless a participant chooses to elect to limit the type of resources that are eligible to be counted as qualifying capacity. For example, a participant may elect not to include Firm Energy Contracts as qualifying capacity within its compliance demonstration. Such election will be incorporated into the capacity transfer process. The NCPA Capacity Pool Resource Adequacy Program establishes the following categories of common rules and criteria:

- (i) compliance demonstration;
- (ii) demand forecast determination;
- (iii) planning reserve margin;
- (iv) CAISO authority to dispatch NCPA generation facilities;
- (v) resource adequacy qualifying capacity rules and criteria; and
- (vi) compliance and enforcement.

2.4 System and Local Area Capacity Resource Demonstrations. NCPA, acting as Scheduling Coordinator, on behalf of the NCPA Capacity Pool participants, is required to submit an annual and monthly system capacity demonstration and an annual local area capacity demonstration to the CAISO.

These demonstrations will be made according to the schedule and format specified within the NCPA Capacity Pool Resource Adequacy Program. NCPA will evaluate each individual NCPA Capacity Pool participant's portfolio to determine if that participant maintains an amount of capacity that is either surplus or deficient relative to its system and/or local area capacity reserve requirements. All capacity transactions with Third Parties and/or among Participants not executed pursuant to Pooling Schedule 4 will also be included in this evaluation. The results of this evaluation will be used by NCPA for the purpose of calculating the transfer of surplus capacity within the NCPA Capacity Pool, as required. NCPA will submit an aggregate system and local area capacity demonstration, on behalf of the NCPA Capacity Pool participants and the non NCPA Capacity Pool Participants to the CAISO. Such demonstrations will include an amount of capacity that is equal to or less than each Participant's respective capacity reserve requirement, limited only by the amount of capacity maintained within a Participant's portfolio (i.e., only if a Participant maintains an amount of capacity that is less than their capacity reserve requirement will an amount of capacity less than the Participant's requirement be included within the aggregate demonstrations). This evaluation will be performed in accordance with Pooling Schedules 4 and 5. The aggregate system and local area capacity demonstrations will reflect all capacity transfers within the NCPA Capacity Pool

made in accordance with this Pooling Schedule 4, for the applicable compliance period.

2.5 Transfer of Surplus Capacity. At the time a Participant is required to submit its election to participate in the NCPA Capacity Pool a Participant must include within its written election: (1) its choice to transfer only Type A capacity, or to transfer both Type A and Type B capacity, (2) its election to participate in the NCPA Capacity Pool as a Primary participant or a Secondary participant, and (3) identify any qualifying capacity maintained within its portfolio that it chooses not to transfer in the NCPA Capacity Pool for all, or a portion of the applicable compliance year. For example, at the time a new resource is under construction, and an exact commercial operational date for such resource has not been confirmed, a participant may choose not to transfer capacity sourced from such resource in the NCPA Capacity Pool to mitigate its risk of replacement, as described under this Pooling Schedule 4, that could result if the actual resource commercial operational date is delayed. Regardless of such election a participant may continue use such capacity to satisfy its own compliance requirements.

2.6 Type A and Type B Election. Each participant is required to elect the type of capacity it will transfer in the NCPA Capacity Pool. Capacity transferred in the NCPA Capacity Pool is categorized as either Type A or Type B capacity. The following is a description of Type A and Type B capacity:

(i) Type A capacity is capacity recognized to be qualifying capacity pursuant to the rules and criteria identified in Pooling Schedule 5, but does not include qualifying capacity sourced from Firm Energy Contracts or Industry Standard Contracts with Damages Provisions; and

(ii) Type B capacity is capacity recognized to be qualifying capacity pursuant to the rules and criteria identified in Pooling Schedule 5, but only includes qualifying capacity sourced from Firm Energy Contracts or Industry Standard Contracts with Damages Provisions.

Type A capacity may include both system and/or local area capacity. Type B capacity includes only system capacity. If a participant fails to make such election the default election is to transfer both Type A and Type B capacity. Capacity that is maintained by a NCPA Capacity Pool participant that is surplus to that participant's system and/or local area capacity reserve requirement will be automatically transferred to any and all participants within the NCPA Capacity Pool that are deficient in meeting their respective system and/or local area capacity reserve requirement, in accordance with the Pooling Schedule 4. NCPA Capacity Pool participants who have elected only to transfer Type A capacity will only be allocated Type A capacity if they are determined to be deficient. NCPA Capacity Pool participants who have elected to transfer Type A and Type B capacity will be allocated both Type A and Type B capacity if they are

determined to be deficient. NCPA Capacity Pool participants who have surplus Type A and/or Type B capacity may transfer surplus capacity to those deficient participants who have elected to transfer each respective capacity type. Such capacity will be allocated in accordance with this Pooling Schedule 4. Only a total amount of surplus capacity equal to or less than the total amount of deficiency within the aggregate NCPA Capacity Pool will be transferred among participants. Any surplus capacity greater than the aggregate deficiency within the NCPA Capacity Pool will not be transferred among the NCPA Capacity Pool participants as part of the NCPA Capacity Pool. The process for transferring surplus capacity within the NCPA Capacity Pool, and for developing the pricing of such transfer, is described in this Pooling Schedule 4.

Capacity that is transferred from a NCPA Capacity Pool participant to a Participant who has not elected to participate in the NCPA Capacity Pool, or to a Third Party, will be transacted pursuant to a separate agreement.

2.7 Primary Participant and Secondary Participant Election. Each participant is required to elect to participate in the NCPA Capacity Pool as a Primary participant or a Secondary participant. If a participant fails to make such election the default election will be Primary participant. The following is a description of each type of NCPA Capacity Pool participant:

(i) a Primary participant is a participant who elects to transfer capacity in all months of the applicable compliance year in which the participant maintains either a surplus amount of capacity, or is deficient in satisfying its compliance requirements. Such participation will not be limited to a predefined set of months selected by the participant; and

(ii) a Secondary participant is a participant who chooses to transfer capacity only during those months that are preselected by the participant in which the participant maintains either a surplus amount of capacity, or is deficient in satisfying its compliance requirements. At the time NCPA Capacity Pool participant elections are due, a Secondary participant is required to identify the months during the applicable compliance period in which it will participate in the NCPA Capacity Pool.

Primary participants will be given priority regarding capacity transferred in the NCPA Capacity Pool. Secondary participants will only be eligible to transfer, or receive, capacity through the NCPA Capacity Pool once the compliance requirements of all Primary participants have been satisfied. For example, if the amount of surplus capacity available to be transferred in the NCPA Capacity Pool, in any particular month, is less than or equal to the deficiency of all Primary participants, all Primary participants will be allocated such surplus capacity prior to any capacity being allocated to Secondary

participants. Only to the extent that the amount of surplus capacity available to be transferred in the NCPA Capacity Pool, in any particular month, is greater than the deficiency of all Primary participants will such excess surplus capacity be transferred to Secondary participants who are deficient in satisfying their respective compliance requirements. Pooling Schedule 4 describes the transfer process that applies to Primary and Secondary participants.

**Section 3. NCPA Capacity Pool Transfer Process.** One of the objectives of developing the NCPA Capacity Pool is to create a process in which capacity maintained by NCPA Capacity Pool participants that is surplus to their respective capacity reserve requirement can be transacted in an efficient manner. As stated in this Pooling Schedule 4, once a Participant has voluntarily elected to participate in the NCPA Capacity Pool, a Participant will be required to participate in the automatic capacity transfer process described below. Each NCPA Capacity Pool participant's capacity portfolio will be evaluated to determine if that participant is surplus and/or deficient in complying with the capacity reserve requirements established by its applicable regulatory authority. To the extent there are NCPA Capacity Pool participants who maintain capacity that is surplus to their respective capacity reserve requirements, and there are NCPA Capacity Pool participants who are deficient in complying with their respective capacity reserve requirements, NCPA, through this Pooling Schedule



and the All Resources Bill, will automatically transfer capacity among the surplus and deficient NCPA Capacity Pool participants, in accordance with each NCPA Capacity Pool participant's Type A and Type B capacity election, and Primary or Secondary participation election. This capacity transfer process is described in this Pooling Schedule 4.

3.1 System and Local Area Capacity Transfer Timing. System and local area capacity will be transferred in accordance with the schedule described in this Section of Pooling Schedule 4:

3.1.1 Local Area Capacity. Local area capacity will be transferred twice annually. The first local area capacity transfer will be executed five (5) business days after the date on which Participants are required to submit an election to participate within the NCPA Capacity Pool, among participants who have elected to transfer Type A capacity, for the applicable compliance period. The second local area capacity transfer will be executed approximately five (5) business days prior to the date the local area capacity compliance demonstration is due to be submitted to the CAISO. This transfer process will be conducted prior to any system capacity transfers because local area capacity is equally effective at meeting both local area and system capacity requirements.

3.1.2 System Capacity. System capacity will be transferred twice annually, and once each month during the applicable compliance period.

(i) The first annual system capacity transfer will be executed five (5) business days after the date on which Participants are required to submit an election to participate within the NCPA Capacity Pool, among participants who have elected to transfer Type A and/or Type B capacity, for the applicable compliance period. The second annual system capacity transfer will be executed approximately five (5) business days prior to the date the applicable compliance demonstration is due to be submitted to the CAISO. This transfer process will be executed after any local area capacity transfers are conducted. Pooling Schedule 5 describes the annual system capacity reserve requirement and demonstration process, in which participants will demonstrate an amount of qualifying capacity that is equal to or greater than ninety percent (90%) of their respective monthly coincident peak demand determination plus the monthly planning reserve margin, established in Pooling Schedule 5, for each or any of the five summer months, May through September, of the applicable compliance period. Unless otherwise elected by a participant, only to the extent that a participant's system capacity position is greater than one-hundred percent (100%) of their respective monthly coincident peak demand determination plus the monthly planning

reserve margin for each or any of the five summer months, established in Pooling Schedule 5, for the applicable compliance period, will either Type A and/or Type B system capacity be transferred from a surplus participant to a deficient participant through the NCPA Capacity Pool capacity transfer process.

If a participant provides notice to NCPA, in writing, as part of its election to participate within the NCPA Capacity Pool for the applicable compliance period, that it would like to transfer Type A and/or Type B system capacity that is maintained within its capacity portfolio that is in excess of its ninety percent (90%) annual system capacity requirement for each or any of the five summer months, as specified in Pooling Schedule 5, then NCPA will transfer any Type A and/or Type B capacity that is greater than a participant's annual system requirement to deficient participants, in accordance with their Type A and Type B election status, for the duration of the applicable compliance period.

(ii) System capacity will be transferred once monthly, among participants who have elected to transfer Type A and/or Type B capacity, approximately five (5) business days prior to the date the applicable compliance demonstration is due to be submitted to the CAISO. Pooling Schedule 5 describes the monthly system capacity reserve requirement and demonstration process, in which participants will demonstrate a quantity of qualifying capacity that is equal to or less than one-hundred percent (100%) of their respective

monthly coincident peak demand determination plus the monthly planning reserve margin, established in Pooling Schedule 5, for the applicable compliance period.

3.2 System and Local Area Capacity Transfer Billing Process. Amounts to be paid or charged resulting from the transfer of system and/or local area capacity among NCPA Capacity Pool participants, pursuant to this Pooling Schedule 4, for the applicable compliance year will be included within the All Resources Bill. The total amount of funds transacted in the annual transfer of system and local area capacity within the NCPA Capacity Pool will be paid to or charged to the appropriate participants within the All Resources Bill in twelve (12) equal monthly payments over the duration of the applicable compliance year. The total amount of funds transacted in the monthly transfer of system capacity within the NCPA Capacity Pool will be paid to or charged to the appropriate participants within the All Resources Bill the month following the transfer of capacity.

3.3 Development of Capacity Balance for Capacity Transfer Process and Compliance Demonstrations. For each applicable capacity transfer and compliance period, NCPA will develop a capacity balance for each of the NCPA Capacity Pool participants. A revised and updated capacity balance will be distributed to the NCPA Capacity Pool participants prior to the submission of

each resource adequacy demonstration to the CAISO (including both annual and monthly submissions developed and provided in accordance with Pooling Schedule 5). Each NCPA Capacity Pool participant is responsible for reviewing the current capacity balance distributed by NCPA to ensure all capacity that is maintained by the participant is accounted for and reflected accurately in the capacity balance. If a NCPA Capacity Pool participant identifies a discrepancy in the current capacity balance developed and distributed by NCPA, the participant must contact NCPA to inform NCPA of the discrepancy. If, per mutual agreement between the participant and NCPA, it is determined that a correction to the current capacity balance is required, NCPA will update and redistribute the capacity balance. If NCPA has not received notice from a NCPA Capacity Pool participant(s), within three (3) days prior to the applicable capacity transfer or resource adequacy annual or monthly demonstration deadline, that there is a discrepancy in the current capacity balance, the capacity balance will be deemed accurate and will be made final, and will be used for the next applicable capacity transfer process and/or resource adequacy demonstration.

3.4 Evaluation of Surplus/Deficient Capacity Positions for Capacity Transfer Process. Once the applicable capacity balance developed by NCPA has been certified and deemed final, NCPA will evaluate each NCPA Capacity Pool participant's resulting system and/or local area capacity balance to determine if

they maintain system and/or local area capacity that is surplus to their needs, or if they maintain system and/or local area capacity that is deficient in meeting its capacity reserve requirement for the applicable compliance period. This analysis will separately account for each type of capacity that qualifies as Type A or Type B capacity. Type A and Type B capacity will be used in the following manner to satisfy a participant's capacity reserve requirement:

(i) A participant's Type A capacity will be used first to meet its system and/or local area capacity reserve requirement;

(ii) If a participant's total amount of Type A local area capacity is equal to or less than its local area capacity reserve requirement, then the total amount of the participant's Type A local area capacity will be used to satisfy its capacity reserve requirements;

(iii) If a participant's total amount of Type A local area capacity is greater than its local area capacity reserve requirement, then the amount of Type A local area capacity that is surplus to its need will be treated as surplus local area capacity that is available for transfer unless the following conditions apply<sup>1</sup>:

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<sup>1</sup> The objective of step 3 is to provide a participant who maintains surplus local area capacity, but who is deficient in meeting its system capacity reserve requirement, the ability to simultaneously sell local area capacity and buy system capacity to maximize the amount of surplus local area capacity available for transfer within the NCPA Capacity Pool. Only to the extent that there is insufficient system capacity available for transfer from the NCPA Capacity Pool

(a) if a participant's total amount of Type A and Type B system capacity is less than its system capacity reserve requirement not met with Type A local area capacity, and there is insufficient surplus system capacity available for transfer from the NCPA Capacity Pool to fulfill its system capacity reserve requirement, an amount of the participant's surplus local area capacity will be used to meet its remaining system capacity reserve requirement; or

(b) if a participant's total amount of Type A and Type B system capacity is less than its system capacity reserve requirement not met with Type A local area capacity, and the total amount of the participant's surplus local area capacity cannot be transferred to other participants within the NCPA Capacity Pool, an amount of the participant's surplus local area capacity which cannot be transferred to other participants within the NCPA Capacity Pool will be used to meet a portion or all of its remaining system capacity reserve requirement.

(iv) If a participant's total amount of Type A system capacity is equal to or less than its system capacity reserve requirement not met with Type

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to meet the participant's system capacity reserve deficiency, or if the total amount of the participant's surplus local area capacity cannot be transferred within the NCPA Capacity Pool, will a quantity of that participant's surplus local area capacity be used to meet its system capacity reserve requirements above the amount used to meet its local area capacity reserve requirement.

A local area capacity, then the total amount of the participant's Type A system capacity will be used to satisfy its capacity reserve requirement;

(v) If a participant's total amount of Type A system capacity is greater than its system capacity reserve requirement not met with local area capacity, then the amount of Type A system capacity that is surplus to its total needs will be treated as surplus system capacity that is available for transfer; and

(vi) If a participant's total amount of Type A capacity is less than its system capacity reserve requirement then an amount of Type B capacity equal to or less than its remaining system capacity reserve requirement, that has not been met with Type A local area capacity and Type A system capacity, will be used to meet its need, otherwise any amount of Type B capacity that is greater than its remaining system capacity reserve requirement will be treated as surplus system capacity that is available for transfer.

NCPA will evaluate the capacity balance of each participant to determine if any NCPA Capacity Pool participants are deficient in meeting their applicable system and/or local area capacity reserve requirements. If a single or a collection of NCPA Capacity Pool participants are deficient in meeting their applicable system and/or local area capacity reserve requirements, NCPA will calculate the total amount of system and/or local area deficiency within the NCPA Capacity Pool. Once any deficiency has been confirmed, NCPA will determine if any



NCPA Capacity Pool participants maintain surplus system and/or local area capacity within the NCPA Capacity Pool that could either partially or fully offset the identified deficiency. Such surplus capacity will be distinctly accounted for as Type A local area capacity, Type A system capacity or Type B system capacity. If the total amount of surplus system and/or local area capacity within the NCPA Capacity Pool is equal to or less than the total system and/or local area deficiency, all surplus system and/or local area capacity will be transferred between the surplus and deficient NCPA Capacity Pool participants limited only by each participant's election to transfer Type A and/or Type B capacity, and each Participant's election to participate in the NCPA Capacity Pool as a Primary or Secondary participant. If the total amount of surplus system and/or local area capacity within the NCPA Capacity Pool is greater than the total system and/or local area deficiency, only an amount of surplus system and/or local area capacity equal to the total system and/or local area capacity deficiency will be transferred within the NCPA Capacity Pool, limited by each participant's election to transfer Type A and/or Type B capacity.

3.5 NCPA Capacity Pool Transfer. Surplus Type A system and/or local area capacity will be transferred among participants prior to Type B system capacity. Local area capacity transfers will be identified and completed using the capacity transfer process prior to system capacity transfers. System capacity

transfers will be identified and completed using the capacity transfer process only after the initial local area capacity transfers have been completed. If a NCPA Capacity Pool participant(s) has been found to be deficient in meeting a system and/or local area compliance requirement, and an amount of surplus system and/or local area capacity has been identified to be available for transfer, then NCPA, acting as NCPA Capacity Pool administrator, will transfer the identified surplus system and/or local area capacity to the NCPA Capacity Pool participant(s) that are deficient in meeting a capacity reserve requirement. If the total amount of surplus system and/or local area capacity available for transfer, in a specific month, is equal to or less than the total deficiency of all Primary participants, such surplus capacity will only be transferred to Primary participants and no surplus capacity will be transferred to Secondary participants. If the total amount of surplus system and/or local area capacity available for transfer, in a specific month, is greater than the total deficiency of all Primary participants, Secondary participants will be transferred a share of such excess surplus capacity in accordance with the transfer process described below. Only the type of capacity elected to be transferred by a participant, either Type A and/or Type B capacity, will be transferred to the deficient participant if available. The amount of surplus system and/or local area capacity that will be transferred between surplus and deficient participants will be equal to or less

than the amount of deficiency identified and limited only by each deficient participant's capacity type election. Any surplus system and/or local area capacity in excess of the total identified system and/or local area deficiencies will not be transferred within the NCPA Capacity Pool. The following steps will be used to transfer surplus system and/or local area capacity within the NCPA Capacity Pool:

(i) Using the final capacity balance developed by NCPA, NCPA will identify the quantity of capacity deficiency for each NCPA Capacity Pool participant who has been found to be deficient in meeting its applicable capacity reserve requirement;

(ii) Using the information developed in this Pooling Schedule 4, NCPA will identify the quantity of capacity that is surplus to each NCPA Capacity Pool participant's need, by category (i.e., Type A local area capacity, Type A system capacity or Type B system capacity), which is available for transfer;

(iii) NCPA will calculate the total quantity of surplus capacity available for transfer, by category (i.e., Type A local area capacity, Type A system capacity or Type B system capacity), within the NCPA Capacity Pool;

(iv) NCPA will calculate each surplus participant's proportionate share of the total NCPA Capacity Pool surplus by category (i.e., Type A local

area capacity, Type A system capacity or Type B system capacity), which is available for transfer;

(v) A quantity of surplus capacity equal to the lesser of one (1) MW or the deficient participant's calculated deficiency, will be allocated to the deficient Primary participant based on its respective capacity type election, unless the total amount of surplus capacity available for transfer (as calculated in step 3) is less than the total amount to be transferred under this step 5, in which case the total amount of surplus capacity will be equally allocated to each deficient Primary participant, but such amount shall not exceed a deficient Primary participant's total deficiency<sup>2</sup>;

(vi) If after step (v) of the transfer process an amount of surplus capacity remains available, a quantity of surplus capacity equal to or less than the remaining total amount of NCPA Capacity Pool Primary participants' deficiency will be allocated, by capacity type, to the deficient Primary participants based on their proportionate share of the remaining NCPA Capacity Pool Primary participants' deficiency. A participant will only be allocated the capacity type(s) it has elected to transfer;

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<sup>2</sup> Step 5 of the capacity transfer process is intended to ensure all deficient Primary participants, regardless of the size of their respective deficiency as compared to other Primary participants, will receive a transfer of surplus capacity that is equal to the lesser of one (1) MW or their respective deficiency, pending the availability of surplus capacity.

(vii) If an amount of surplus capacity remains available, in a given month, after the deficiency of all Primary participants has been fully satisfied, such remaining surplus capacity will be proportionately allocated, by capacity type, to Secondary participants who are deficient in meeting their respective compliance requirement for those months that each Secondary participant has elected to participate in the NCPA Capacity Pool. The amount of surplus capacity transferred to Secondary participants will not exceed a Secondary participant's deficiency; and

(viii) The total amount paid for the quantity of surplus capacity transferred to deficient participants will be allocated to the surplus participants based on their proportionate share of the total NCPA Capacity Pool surplus by category (i.e., Type A local area capacity, Type A system capacity or Type B system capacity).

The results of the capacity transfers will be accounted for in the applicable capacity demonstration for the term of the transfer.

3.6 Assignment of Charges or Penalties for Disqualified System and Local Area Capacity. Once system and local area capacity demonstrations are submitted to the CAISO, the CAISO will evaluate the demonstration to determine if it is in compliance with the applicable capacity reserve requirements. Pursuant to the CAISO Tariff, CAISO will review such

demonstrations and will identify if such satisfies a participant's compliance requirement. Pursuant to this review, if the CAISO disqualifies an amount of capacity that is maintained within a NCPA Capacity Pool participant's portfolio, CAISO will provide notice to the participant's Scheduling Coordinator that such capacity has been disqualified. At such time the disqualified capacity may be replaced by the participant in accordance with the rules and timelines set forth in the CAISO Tariff. If NCPA, acting as Scheduling Coordinator on behalf of the participants, receives notice from the CAISO that it has disqualified an amount of capacity that is maintained within a NCPA Capacity Pool participant's portfolio, NCPA will promptly notify those participants impacted by such notice. If as a result of CAISO's disqualification of such capacity NCPA incurs a penalty or charge from the CAISO, the penalty or charge incurred by NCPA will be allocated to the Participant(s) that maintained such capacity within its portfolio prior to any system and/or local area capacity transfers. This allocation methodology will ensure that any capacity that is transferred within the NCPA Capacity Pool transfer process that is disqualified by the CAISO, and which results in the assessment of charges or penalties, will not result in harm to the procuring party, but instead provides an incentive to the selling party to provide fully qualified capacity to the NCPA Capacity Pool.

3.7 Assignment of Non-Availability Charges and Availability Incentive Payments. Once system and/or local area capacity demonstrations are submitted to the CAISO, the CAISO will measure the performance of such capacity in accordance with the provisions of the CAISO Tariff. Pursuant to this review, if the CAISO determines that such capacity has failed to perform in accordance with the provisions of the CAISO Tariff resulting in non-availability charges being assessed to NCPA, or if the CAISO determines that such capacity has exceeded the performance standards in accordance with the provisions of the CAISO tariff resulting in the credit of availability incentive payments to NCPA, such charges and/or incentive payments will be allocated to Participant(s) that maintained such capacity within its portfolio prior to any system and/or local area capacity transfers. This allocation methodology will ensure that any capacity that is transferred within the NCPA Capacity Pool transfer process that either does not perform in accordance with the CAISO Tariff, or that exceeds the performance standards in accordance with the provisions of the CAISO Tariff, will not harm or provide an availability benefit to the procuring party, but instead will provide an incentive to the selling party to offer capacity that meets or exceeds the CAISO availability requirements contained within the CAISO tariff to the NCPA Capacity Pool transfer process.

3.8     Development of Capacity Transfer Pricing. All Capacity transferred between participants within the NCPA Capacity Pool will be priced in accordance with the provisions found within this section. Capacity pricing for both system and local area capacity will be developed for use by the NCPA Capacity Pool participants, and will not be effective for other non NCPA Capacity Pool capacity transfers that NCPA may administer. Capacity pricing for both system and local area capacity will be developed annually, and will be established pursuant to Commission adoption and approval that will take place at the Commission meeting held in July. If capacity prices for both system and local area capacity are not adopted and approved by the Commission at the Commission meeting held in July, capacity prices for both system and local area capacity will be adopted and approved by the Commission during the next available Commission meeting.

3.8.1     System and Local Area Capacity Pricing Alternatives.

The following alternatives or methodologies, or a combination of such, may be utilized to develop a system and local area capacity price that will be used within the NCPA Capacity Pool transfer process:

- (i) negotiated price;
- (ii) market price survey, formal or informal request for proposal; of
- (iii) CAISO backstop procurement proxy value of capacity.



An ad hoc group of NCPA Capacity Pool participants will be organized to develop and propose a system and local area capacity price to the Commission for adoption and approval, in a timeframe consistent with the approval process described in this Pooling Schedule 4. If the established ad hoc group of NCPA Capacity Pool participants is unable to collectively develop and propose a system and local area capacity price to the Commission for adoption and approval, in a timeframe consistent with the approval process described in this Pooling Schedule 4, a default price will be established for system and local area capacity as described in this Pooling Schedule 4.

3.8.2 Default System and Local Area Capacity Price. In the event an established ad hoc group of NCPA Capacity Pool participants is unable to collectively develop and propose a system and/or local area capacity price to the Commission for adoption and approval, in a timeframe consistent with the approval process described in this Pooling Schedule 4, the following default system and local area capacity pricing methodologies will be used to derive prices that will be used within the NCPA Capacity Pool transfer process:

- (i) the system capacity price that will be used for capacity transfers within the NCPA Capacity Pool will be equal to the CAISO proxy value of capacity, established within the CAISO Tariff, for

backstop procurement multiplied by fifty percent (50%); the system capacity price, expressed as a formula, is:

(a) System Capacity Price (\$/kW-year) = CAISO Proxy Value of Backstop Capacity \* 0.5

(ii) the local area capacity price that will be used for capacity transfers within the NCPA Capacity Pool will be equal to the CAISO proxy value of capacity, established within the CAISO Tariff, for backstop procurement, expressed as a formula:

(b) Local Capacity Price (\$/kW-year) = CAISO Proxy Value of Backstop Capacity

## POOLING SCHEDULE 5

### NCPA CAPACITY POOL RESOURCE ADEQUACY PROGRAM

**Section 1. Resource Adequacy Program.** The NCPA Capacity Pool participants recognize that to achieve a high degree of reliability in the electric service supplied to their customers, an amount of resources sufficient to meet both the immediate loads of their customers, and to also permit maintenance, to provide for planned and forced outages, and to account for load forecast errors is required. In order to achieve a high degree of reliability in the electric service supplied to their customers, the NCPA Capacity Pool participants have established this resource adequacy program to accomplish this goal, as found in this Pooling Schedule 5, which includes the following information and requirements:

- (i) Applicability;
- (ii) Compliance Demonstration;
- (iii) Demand Forecast;
- (iv) Planning Reserve Margin;
- (v) CAISO Authority to Dispatch Qualifying Capacity;
- (vi) Qualifying Capacity Rules and Criteria; and
- (vii) Compliance and Enforcement.

This NCPA Capacity Pool resource adequacy program has been developed to coordinate with the rules and requirements incorporated in the CAISO Tariff. This NCPA Capacity Pool resource adequacy program may be modified by vote of the Commission. Any modifications to the NCPA Capacity Pool resource adequacy program will be developed in accordance with the Commission approval process. NCPA acts as Scheduling Coordinator on behalf of the NCPA Capacity Pool participants. Capitalized terms not otherwise defined within this Agreement shall be defined as set forth in the Master Definitions Supplement of the MRTU Tariff.

**Section 2. Applicability.** Pursuant to Section 40 of the CAISO Tariff all Load Serving Entities (“LSE”) and their respective Scheduling Coordinators, with limited exemptions, are subject to certain resource adequacy requirements based on its election of LSE status. The participants currently operates within the CAISO balancing authority area as Load Following Metered Subsystem entities and are signatories to the MSS Agreement, and are recognized as Load Following Metered Subsystem entities regarding the application of resource adequacy requirements. The NCPA Capacity Pool participants are required to comply with the requirements encompassed within this resource adequacy program and the CAISO Tariff, as applicable.

The right to establish certain requirements set forth in the CAISO Tariff has been delegated to the local regulatory authority of each applicable LSE. As a result, the NCPA Capacity Pool participants have been granted the right to establish the following provisions which are utilized within the NCPA Capacity Pool Resource Adequacy Program:

- (i) planning reserve margin; and
- (ii) qualifying capacity rules and criteria, per resource type.

Pursuant to Pooling Schedule 4 the NCPA Capacity Pool participants, and their respective authority(s) of competent jurisdiction, have delegated authority to establish an effective planning reserve margin and to define rules and criteria for calculating qualifying capacity to the Commission. As a result, the Commission has established within this NCPA Capacity Pool Resource Adequacy Program both the planning reserve margin and qualifying capacity rules and criteria that are applicable to each of the NCPA Capacity Pool participants. The planning reserve margin and qualifying capacity rules and criteria found within this Pooling Schedule 5 are meant to establish a common baseline set of rules applicable to the NCPA Capacity Pool participants. The adopted planning reserve margin is found in this Pooling Schedule 5. The adopted qualifying capacity rules and criteria are found in this Pooling Schedule 5.

**Section 3.     Compliance Demonstration.** Pursuant to the NCPA Capacity Pool Resource Adequacy Program and the CAISO Tariff, the NCPA Capacity Pool participants are required to provide a system and local area resource adequacy demonstration to the CAISO that sets forth the amount of capacity either procured or self-provided by the NCPA Capacity Pool participants to satisfy the obligations described below. As a result, NCPA will submit, on behalf of the NCPA Capacity participants, the following information to the CAISO:

3.1     Submission of Annual System Resource Adequacy Demonstration.

NCPA will submit an aggregate annual system resource adequacy demonstration to the CAISO for the applicable compliance period, on behalf of the NCPA Capacity Pool participants acting as Scheduling Coordinator, on a schedule and in a format set forth by the CAISO Tariff and the CAISO business practice manual for reliability requirements. The annual system resource adequacy demonstration will include an aggregate monthly coincident peak demand determination for the NCPA Capacity Pool participants for each of the five summer months, May through September, of the applicable compliance period, established pursuant to this Pooling Schedule 5, and identify the megawatt ("MW") quantity of Resource Adequacy Qualifying Capacity, established pursuant to this Pooling Schedule 5, that the NCPA Capacity Pool participants will rely upon to satisfy at least ninety percent (90%) of their

respective monthly coincident peak demand determinations plus the monthly planning reserve margin, established in this Pooling Schedule 5, for each of the five summer months, May through September, of the applicable compliance period.

### 3.2 Submission of Monthly System Resource Adequacy Demonstration.

NCPA will submit an aggregate monthly system resource adequacy demonstration to the CAISO for the applicable compliance period, on behalf of the NCPA Capacity Pool participants acting as Scheduling Coordinator, on a schedule and in a format set forth by the CAISO Tariff and the CAISO business practice manual for reliability requirements. The monthly system resource adequacy demonstration will include an aggregate monthly coincident demand determination for the NCPA Capacity Pool participants for the relevant reporting month of the applicable compliance period, established pursuant to this Pooling Schedule 5, and identify the megawatt ("MW") quantity of resource adequacy qualifying capacity, established pursuant to this Pooling Schedule 5, that the NCPA Capacity Pool participants will rely upon to satisfy one-hundred percent (100%) of their respective monthly coincident demand determinations plus the monthly planning reserve margin, established in this of Pooling Schedule 5, for the relevant reporting month of the applicable compliance period.

### 3.3 Submission of Annual Local Area Resource Adequacy

Demonstration. NCPA will submit an aggregate annual local area capacity resource adequacy demonstration to the CAISO for the applicable compliance period, on behalf of the NCPA Capacity Pool participants acting as Scheduling Coordinator, on a schedule and in a format set forth by the CAISO Tariff and the CAISO business practice manual for reliability requirements. The annual local area resource adequacy demonstration will identify the megawatt (“MW”) quantity of resource adequacy qualifying capacity, established pursuant to this Pooling Schedule 5, qualified as local capacity area resources that the NCPA Capacity Pool participants will rely upon to satisfy the NCPA Capacity Pool participants aggregate allocated responsibility for procurement of local capacity area resources determined pursuant to the CAISO Tariff. The NCPA Capacity Pool participant’s allocated responsibility for procurement of local capacity area resources is based on the NCPA Capacity Pool participant’s proportionate share of the Transmission Access Charge (“TAC”) area load at the time of the CAISO’s annual coincident peak demand set forth in the annual peak demand forecast for the next applicable compliance period, as determined by the California Energy Commission (“CEC”). Those local capacity area resources identified within the annual local area capacity resource adequacy demonstration will count towards the NCPA Capacity Pool participants overall system capacity requirements in



addition to meeting the NCPA Capacity Pool participant's local resource adequacy requirements.

3.4 Submission of Annual and Monthly Resource Adequacy Supply Plans. A Load Following Metered Subsystem LSE is not required, pursuant to the CAISO Tariff, to provide the CAISO with annual and monthly resource adequacy Supply Plans for resource adequacy qualifying capacity that is used to meet its own system and local area resource adequacy compliance obligations. To the extent that a Load Following Metered Subsystem LSE provides resource adequacy qualifying capacity to a reserve sharing Load Serving Entity or a modified reserve sharing Load Serving Entity, its Scheduling Coordinator is required to provide the CAISO with annual and monthly resource adequacy Supply Plans for this quantity of resource adequacy qualifying capacity. As a result, NCPA will submit annual and monthly resource adequacy Supply Plans to the CAISO on behalf of the NCPA Capacity Pool participants (if required), on a schedule and in a format set forth in the CAISO Tariff and the CAISO business practice manual for reliability requirements. Both the annual and monthly resource adequacy Supply Plans shall include a listing of the NCPA Capacity Pool participant's commitments to provide resource adequacy qualifying capacity to any reserve sharing Load Serving Entity or modified reserve sharing Load Serving Entity for the applicable compliance period.

**Section 4.     Demand Forecast.** Pursuant to the CAISO Tariff, the NCPA Capacity Pool Resource Adequacy Program, as established in this Pooling Schedule 5, shall utilize the monthly coincident peak demand determination provided by the CEC for the applicable compliance period, which are based on demand forecast data (“Demand Forecast”) submitted to the CEC by the NCPA Capacity Pool participants, or, if the CEC does not produce a monthly coincident peak demand determination for the NCPA Capacity Pool participants, the monthly coincident peak demand determination produced by the CAISO for the applicable compliance period for the NCPA Capacity Pool participants in accordance with the CAISO Tariff and the applicable business practice manual, using Demand Forecast data submitted to the CAISO by the NCPA Capacity Pool participants. The monthly coincident peak demand determination developed and provided by either the CEC or the CAISO are coincident with the CAISO monthly system peak demand forecast for the applicable compliance period. If the CEC or the CAISO fail to produce a monthly coincident peak demand determination for the NCPA Capacity Pool participants, the monthly coincident peak demand determination that will be used for resource adequacy compliance in this Pooling Schedule 5 shall be equal to the sum of each NCPA Capacity Pool participant’s share of the NCPA Pool’s monthly coincident peak

Demand Forecasts for the applicable compliance period irrespective of the CAISO system coincident peak.

**Section 5.     Planning Reserve Margin.** Each NCPA Capacity Pool participant shall maintain an amount of resource adequacy qualifying capacity, as described in this Pooling Schedule 5, equal to no less than one-hundred fifteen percent (115%) of the NCPA Capacity Pool participant's peak hourly Demand Forecast for the applicable compliance period. The resulting fifteen percent (15%) capacity reserve margin which is in excess of the NCPA Capacity Pool participant's peak hourly Demand Forecast, for the applicable month, is referred to as the planning reserve margin within this Pooling Schedule 5.

**Section 6.     CAISO Authority to Dispatch Generation Facilities.** As a Load Following Metered Subsystem Entity, each NCPA Capacity Pool participant is only required to comply with a limited set of provisions contain within the CAISO Tariff, and is not required to make available its resource adequacy qualifying capacity used to meet its capacity reserve requirements to the CAISO for dispatch in the day-ahead or real-time market. However, the CAISO has authority to dispatch each Participant's resource adequacy qualifying capacity used to meet its capacity reserve requirements pursuant to the terms of the MSS Agreement.

**Section 7.     Resource Adequacy Qualifying Capacity Rules and Criteria.**

7.1 Resource Adequacy Qualifying Capacity. Resource adequacy qualifying capacity shall be the quantity of capacity from a resource, stated in megawatts (“MW”), which is listed within the resource adequacy system and local area capacity demonstration. Resource adequacy qualifying capacity is the megawatt quantity of capacity from resources, as calculated using the qualifying capacity rules and criteria, that is used for resource adequacy compliance. The rules and criteria for determining the type of resources that may be eligible to provide resource adequacy qualifying capacity and for calculating the quantity of resource adequacy qualifying capacity provided from eligible resource types is documented within this Pooling Schedule 5. Once calculated, the resource adequacy qualifying capacity will be provided to the CAISO to be used to verify compliance against submitted resource adequacy compliance demonstrations.

7.2 Qualifying Capacity Rules and Criteria by Eligible Resource Type. The types of resources specified in this Pooling Schedule 5 will be eligible to provide resource adequacy qualifying capacity to the extent that they meet the criteria for each type of resource set forth in this Pooling Schedule 5. Net Dependable Capacity (“NDC”) terms defined by NERC Generating Availability Data System (“GADS”) information will be used to determine the resource adequacy qualifying capacity of some of the resource types identified in this Pooling Schedule 5. For the purpose of this Pooling Schedule 5, NDC is equal to

Gross Dependable Capacity (“GDC”) less the unit capacity utilized for unit station service or auxiliaries. GDC is equal to Gross Maximum Capacity (“GMC”) modified for seasonal limitations over a specified period of time. GMC is the maximum capacity a unit can sustain over a specified period of time when not restricted by seasonal or other deratings.

7.2.1 NCPA System. As defined in the MSS Agreement, the NCPA System means all transmission and distribution facilities owned or controlled by the NCPA Capacity Pool participants, and all generating units within the CAISO balancing authority area owned or controlled by the NCPA Capacity Pool participants or any individual NCPA Capacity Pool participant or combination of NCPA Capacity Pool participants.

7.2.2 Jointly-Owned Facilities. A jointly-owned facility must either be identified in Schedule 14 of the MSS Agreement, located within the NCPA System, a Participating Generator, a System Resource, or a Qualified Facility to be considered resource adequacy qualifying capacity. The resource adequacy qualifying capacity for the entire facility will be determined based on the type of resource as described below in this Pooling Schedule 5. The NCPA Capacity Pool participant’s entitlement to the resource adequacy qualifying capacity of the facility may encompass the entire resource adequacy qualifying capacity of the facility, or may be

limited to a portion of the resource adequacy qualifying capacity of the facility. The total amount of resource adequacy qualifying capacity that may be identified in the system and/or local area capacity compliance demonstration is limited to the total jointly-owned facility resource adequacy qualifying capacity determined in this Pooling Schedule 5.

7.2.3 Thermal Resources. Thermal generating facilities must either be identified in Schedule 14 of the MSS Agreement, located within the NCPA System, a Participating Generator, a System Resource, or a Qualified Facility to be considered resource adequacy qualifying capacity. The resource adequacy qualifying capacity of thermal facilities will be based on Net Dependable Capacity as defined in this Pooling Schedule 5.

7.2.4 Hydroelectric Resources. Hydroelectric generating facilities must either be identified in Schedule 14 of the MSS Agreement, located within the NCPA System, a Participating Generator, a System Resource, or a Qualified Facility to be considered resource adequacy qualifying capacity. The resource adequacy qualifying capacity of a pond or pumped storage hydroelectric facility will be based on Net Dependable Capacity as defined in this Pooling Schedule 5, minus variable head de-rate based on current reservoir levels with average year forecasted inflows. The resource adequacy qualifying capacity of a run-of-river hydroelectric facility

will be based on Net Dependable Capacity as defined in this Pooling Schedule 5, minus actual or forecasted conveyance flow, stream flow, or canal head de-rate.

7.2.5 Unit-Specific Contracts. Unit-specific contracts will fully qualify as resource adequacy qualifying capacity. The generating facility identified in the contract must either be identified in Schedule 14 of the MSS Agreement, located within the NCPA System, a Participating Generator, a System Resource, or a Qualified Facility to be considered resource adequacy qualifying capacity.

7.2.6 Firm Energy Contracts. Firm energy contracts which contain provisions to ensure reliable physical delivery of energy and that contain provisions identifying non-delivery as a default condition subject to contract suspension and/or termination, and that does not require the seller to source the energy from a particular unit, but specifies a delivery point internal to the CAISO balancing authority area will fully qualify as resource adequacy qualifying capacity.

7.2.7 Industry Standard Contracts with Damages Provisions. Industry standard contracts with damages provisions as generally reflected in Service Schedule C of the Western System Power Pool Agreement or the Firm LD product of the Edison Electric Institute pro forma Master

Agreement, or any other similar firm energy contract that does not require the seller to source the energy from a particular unit, but specifies a delivery point internal to the CAISO balancing authority area will qualify as resource adequacy qualifying capacity until a commercially available industry standardized capacity based product is readily available, and which is provided under an agreement similar to the Western System Power Pool Agreement or the Edison Electric Institute pro forma Master Agreement.

7.2.8 Wind and Solar Resources. The resource adequacy qualifying capacity of wind and solar generating facilities, with backup sources of generation, will be based on Net Dependable Capacity as defined in this Pooling Schedule 5. The resource adequacy qualifying capacity of wind and solar facilities, without backup sources of generation, will be based on their monthly historic noon to 6:00 p.m. capacity factor, using a three-year rolling average. Wind and solar generating facilities without backup sources of generation which do not have three years of historic performance data will be assigned a default resource adequacy qualifying capacity value for each year of missing historical performance as follows:

(i) the resource adequacy qualifying capacity of a solar or wind generator with historic data located in the same weather regime with similar



technology adjusted for the nameplate capacity ratio of a new generator and the similarly situated proxy generator; or

(ii) if historical data of a solar or wind generator located in the same weather regime with similar technology is not available, then historic performance data from the monthly average production factors of all units (wind or solar) within the TAC Area in which the generator is located will be utilized.

The default resource adequacy qualifying capacity values will be replaced on a year-by-year basis with actual performance data as the data becomes available to form a three year rolling average.

7.2.9            Geothermal Resources. Geothermal generating facilities must either be identified in Schedule 14 of the MSS Agreement, located within the NCPA System, a Participating Generator, a System Resource or a Qualified Facility to be considered resource adequacy qualifying capacity. The resource adequacy qualifying capacity of a geothermal facility will be based on Net Dependable Capacity as defined in this Pooling Schedule 5, adjusted for steam field degradation.

7.2.10           Participating Loads. Participating Loads must either be identified in Schedule 14 of the MSS Agreement or located within the NCPA System to be considered resource adequacy qualifying capacity. Participating Loads must be available at least 48 hours during the five

summer months (May – September) to be counted in a system and/or local area resource adequacy compliance demonstration as resource adequacy qualifying capacity. If Participating Loads are available for the minimum requirement, the stipulated megawatt (“MW”) quantity reduction in demand will be treated as supply and be eligible to be listed as resource adequacy qualifying capacity.

7.2.11            Dispatchable Demand Response. Dispatchable Demand resources must either be identified in Schedule 10B of the MSS Agreement or located within the NCPA System to be considered resource adequacy qualifying capacity. Dispatchable Demand resources must be available at least 48 hours during the five summer months (May – September) to be counted in a system and/or local area resource adequacy compliance demonstration as resource adequacy qualifying capacity. If a Dispatchable Demand resource is available for the minimum requirement, the megawatt (“MW”) quantity reduction stipulated in the contract or program will be treated as supply and be eligible to be listed as resource adequacy qualifying capacity.

7.2.12            Non-Dynamically Scheduled System Resources (Imports). The resource adequacy qualifying capacity of Non-Dynamically Scheduled System Resources to which the NCPA Capacity Pool participants

have an entitlement shall be the amount of the NCPA Capacity Pool participant's entitlement, measured in megawatts ("MW").

7.2.13            Dynamically Scheduled System Resources

(Imports). The resource adequacy qualifying capacity of a Dynamically Scheduled System Resource to which the NCPA Capacity Pool participants have an entitlement shall be the amount of the NCPA Capacity Pool participant's entitlement. Eligibility as resource adequacy qualifying capacity is contingent upon the NCPA Capacity Pool participants securing transmission through any intervening balancing authority areas for the resource entitlement that cannot be curtailed for economic reasons or trumped by higher priority transmission.

**Section 8.    Compliance and Enforcement.** Once the CAISO has received the system and/or local area capacity compliance demonstrations submitted by NCPA on behalf of the NCPA Capacity Pool participants, acting as Scheduling Coordinator ("SC"), the CAISO will verify that the NCPA Capacity Pool participants have procured sufficient resource adequacy qualifying capacity to comply with the planning reserve margin established in this Pooling Schedule 5, and any requirements established by the applicable authority(s) of competent jurisdiction. To the extent the system and/or local area capacity demonstrations do not include sufficient resource adequacy qualifying capacity to satisfy the

planning reserve margin and/or local area capacity requirements, or in the case of a mismatch between information included in the compliance demonstration and the resource adequacy Supply Plan submitted by the Scheduling Coordinator of a resource identified in the NCPA Capacity Pool participant's compliance demonstration, the CAISO will notify NCPA and attempt to resolve the issue. If NCPA is notified by the CAISO that the system and/or local area capacity demonstrations do not satisfy a participant's respective compliance requirements due to an identified deficiency, disqualified capacity and/or other reasons identified by the CAISO, NCPA will promptly notify those participants affected by such notice. NCPA will coordinate with the participants affected by such notice to identify the source of the discrepancy, and will supplement and/or revise the system and/or local area capacity compliance demonstrations submitted to the CAISO if such revision is required pending analysis of the compliance discrepancy identified by the CAISO. In the event that NCPA is unable to resolve the identified issue in coordination with those affected participants, the CAISO will notify the NCPA Capacity Pool participant's applicable authority(s) of competent jurisdiction and/or the Commission of the potential deficiency.

Once the NCPA Capacity Pool participant's applicable authority(s) of competent jurisdiction and/or the Commission is informed of the identified

deficiency and confirms that the NCPA Capacity Pool participant's system and/or local area capacity compliance demonstration is deficient, then the NCPA Capacity Pool participant's applicable authority(s) of competent jurisdiction and/or the Commission may determine if and how the deficiency will be resolved. If the CAISO identifies a mismatch between the information included in the NCPA Capacity Pool participant's system and/or local area capacity compliance demonstration and a resource adequacy Supply Plan submitted by the Scheduling Coordinator of a resource identified in a compliance demonstration, and the identified mismatch is not resolved prior to the 10th day before the effective month during the applicable compliance period, then the CAISO will accept the value contained in the Supply Plan to set the resource adequacy qualifying capacity value for the applicable compliance period.

If the NCPA Capacity Pool participant's applicable authority(s) of competent jurisdiction and/or the Commission requires the NCPA Capacity Pool participant to resolve an identified deficiency in the system and/or local area capacity compliance demonstration, and the NCPA Capacity Pool participant has not resolved the identified deficiency, then the NCPA Capacity Pool participant must provide an explanation as to why the identified deficiency has not be resolved to its applicable authority(s) of competent jurisdiction and/or the Commission. The NCPA Capacity Pool participant may incur penalties or other

sanctions adopted by the applicable authority(s) of competent jurisdiction and/or the Commission for failure to cure the deficiency. NCPA, acting as Scheduling Coordinator, is required to report to the CAISO within thirty (30) days of any action taken by the applicable authority(s) of competent jurisdiction and/or the Commission in response to the deficiency notification if the applicable authority(s) of competent jurisdiction and/or the Commission does not provide public access to records or information regarding action taken for violations of the NCPA Capacity Pool resource adequacy policies or rules.

**POOLING SCHEDULE 6**  
**PRINCIPLES FOR SALE OF POOL EXCESS ENERGY**

There may exist from time to time, situations wherein the Pool will have energy in amounts that exceed the combined load of the Participants. This situation can occur for example, when there are substantial amounts of unregulated flow from hydroelectric projects, take-or-pay power purchase contracts, and/or must-run resources, or when economic circumstances dictate that it is beneficial to operate resources that would otherwise not be required to meet load. The following principles are intended as general guidelines for NCPA to follow in dealing with an "excess energy" condition. Excess energy can be sold using bilateral transactions or through organized market mechanisms, including but not limited to, the CAISO day-ahead and real-time energy markets, an interchange transaction (exported out of the CAISO balancing authority area), bilaterally to Third Parties or among Participants. NCPA will operate generating plants, associated facilities and other resources in accordance with the following principles:

(i) in compliance with the obligations and constraints of governing contracts, the applicable licenses and permits, and the physical requirements of the equipment/facilities;

(ii) to appropriately and reliably interact with the associated balancing authority, including the CAISO; and

(iii) to maximize the economic value to Project Participants of NCPA Projects.



**POOLING SCHEDULE 7**  
**ECONOMIC DISPATCH, SCHEDULING AND OPERATION OF**  
**RESOURCES**

**Section 1. Economic Dispatch, Scheduling and Operation of Resources.** In accordance with Section 7 of this Agreement, each Participant shall make available all of its generating units, purchases from Third Parties, and associated transmission to the central dispatch of NCPA to the fullest extent possible. The objective of Pool central dispatch shall be to supply the capacity and energy requirements of the Participants at the lowest practicable net cost, and to accomplish this in a reliable and safe manner, and in compliance with applicable regulations and agreements. Resources of the Participants shall be scheduled and dispatched to meet the combined load for each time period as deemed applicable according to balancing authority standards and Good Utility Practice, as appropriate. Schedules may be affected by a variety of factors, including plant outages, changes in available transmission, unanticipated load changes, relative costs, and economic conditions in the marketplace.

NCPA shall be provided with information from the Participants, and appropriate NCPA departments regarding the capability, operating criteria and incremental variable cost for the resources to be dispatched. This information will include heat rate curves and fuel costs for each thermal electric unit,

transmission losses associated with each resource, and variable operation and maintenance costs from which incremental cost rate curves will be developed. NCPA shall utilize this information to optimally schedule the operation of the Pool's resources, acting on behalf of the Participants as an Operating Entity, in accordance with requirements as reflected in the CAISO Tariff, the MSS Agreement, the Pooling Schedules, the Amended and Restated Facilities Agreement, other applicable Project Agreements and Commission policy, with the objective to minimize the overall cost to the Pool to the fullest extent possible, and to maximize the value of the resources for the applicable resource participants, while respecting project limitations and requirements. Economic considerations should include seasonal, weekly, and hourly operating variations and flexibility as appropriate. Details regarding the process used by NCPA to schedule and dispatch Participant resources are documented in the SCPA.

1.1 Thermal Electric Resources. Thermal electric resources shall be scheduled and operated in coordination with hydroelectric resources, geothermal resources and other resources to minimize the overall cost to the Pool to the fullest extent possible, and to maximize the value of thermal electric resources for the applicable project participants. In general, the operating cost of thermal electric units which are in service to supply a specified load level is minimized when the Incremental Costs of all partially-loaded units are equal.

Full or partial unit commitments and/or shutdowns shall be undertaken with due consideration to this principle and in compliance with applicable NERC and WECC reliability standards, operating criteria, operating requirements as reflected in the CAISO Tariff, operating requirements as reflected in the MSS Agreement, constraints, Pooling Schedules, the Amended and Restated Facilities Agreement, the SCPA and other applicable Project Agreements. Thermal electric resources may be used to supply energy, capacity and other attributes, contingent upon the physical capability of the resource and associated fuel supply.

1.2 Hydroelectric Resources. Hydroelectric resources shall be scheduled and operated in coordination with thermal electric resources, geothermal resources and other resources to minimize the overall cost to the Pool to the fullest extent possible, and to maximize the value of hydroelectric resources for the applicable project participants. Hydroelectric resources will be scheduled and operated to comply with applicable NERC and WECC reliability standards, operating criteria, operating requirements as reflected in the CAISO Tariff, operating requirements as reflected in the MSS Agreement, constraints, Pooling Schedules, the Amended and Restated Facilities Agreement, the SCPA and other applicable Project Agreements. Hydroelectric resources may be used to supply energy, capacity and other attributes, contingent upon the physical

capability of the resource and associated fuel supply. NCPA will strive to maximize the value of hydroelectric resources by utilizing limited fuel supplies during optimal periods.

1.3 Geothermal Resources. Geothermal resources shall be scheduled and operated in coordination with thermal electric resources, hydroelectric resources and other resources to minimize the overall cost to the Pool to the fullest extent possible, and to maximize the value of geothermal resources for the applicable project participants. Geothermal resources will be scheduled and operated to comply with applicable NERC and WECC reliability standards, operating criteria, operating requirements as reflected in the CAISO Tariff, operating requirements as reflected in the MSS Agreement, constraints, Pooling Schedules, the Amended and Restated Facilities Agreement, the SCPA and other applicable Project Agreements. Geothermal resources may be used to supply energy, capacity and other attributes, contingent upon the physical capability of the resource and associated fuel supply.

1.4 Other Resources. All other resources, including but not limited to purchase power agreements, landfill resources, wind resources and transmission assets made available to the central dispatch of NCPA shall be scheduled and operated in coordination with thermal electric resources, hydroelectric resources and geothermal resources to minimize the overall cost to the Pool to the fullest

extent possible, and to maximize the value of the resources for the applicable Project Participants. All other resources will be scheduled and operated to comply with applicable NERC and WECC reliability standards, operating criteria, operating requirements as reflected in the CAISO Tariff, operating requirements as reflected in the MSS Agreement, constraints, Pooling Schedules, the Amended and Restated Facilities Agreement, the SCPA and other applicable Project Agreements. Other resources may be used to supply energy, capacity and other attributes, contingent upon the physical capability of the resources and associated fuel supply.

**POOLING SCHEDULE 8**  
**POOL SETTLEMENT AND ACCOUNTING METHOD**

Participants' power supply, load, and other entitlements are scheduled in the CAISO markets as an aggregate Pool portfolio. Therefore, after such schedules are awarded and settled by the CAISO, NCPA must allocate the results to each Participant using the guidelines included in this Pooling Schedule 8, and as further documented in the SCPA. Scheduling Pool Participant's power supply, load, and other entitlements under an aggregated Pool portfolio provides joint benefits that are shared among the Participants.

**Section 1. Pool Settlement and Accounting Method.** The Pool is operated in a balanced manner in accordance with requirements of the CAISO Tariff and the MSS Agreement. NCPA purchases energy in the bilateral market to supplement its generation portfolio, and schedules power purchases that have been directly made by the Participants. Each Participant is responsible for its own costs of generation and for its settlement for energy provided by counterparties in accordance with each Participant's power purchases or sales contracts.

Since all day-ahead schedules must be transacted through the CAISO day-ahead market, and the CAISO day-ahead locational marginal price ("LMP") reflects the price of any scheduled energy at its delivery point, the CAISO LMP prices calculated in the day-ahead market are the appropriate prices to use for

individual Participant purchases and sales in the day-ahead market timeframe.

Day-ahead schedules means schedules submitted into the CAISO day-ahead market (otherwise known as the “Integrated Forward Market”).

Real-time dispatch instructions from the CAISO to a specific generator, where the energy is intended to be delivered directly to the CAISO, or under conditions when a plant trips, will be subject to settlement compensated at the applicable resource-specific CAISO real-time LMP.

In the Pool, all post day-ahead market energy, except that day-ahead market energy listed in Section 6 of Appendix B of the SCPA, will be settled at the CAISO day-ahead LMP. Post day-ahead market transactions means schedules submitted into the CAISO hour-ahead scheduling process (“HASP”) for delivery in real-time and/or operational adjustments. This includes uninstructed energy and load following energy associated with Pool load, imports and exports, and the Participant’s Project Participation Percentage share of NCPA Projects. This also includes the settlement of HASP imports and exports, and any real-time imports or exports. Instructed energy, and other energy delivered to the CAISO in real-time, will continue to be settled at the CAISO real-time LMP.

This settlement method is a variation to the pre Market redesign and Technology Upgrade (“MRTU”) practice of using the “Pool MCP” applied to

uninstructed energy, and is intended for the primary purpose to make load following resources indifferent to the magnitude and direction of movement in real-time and associated CAISO real-time LMP. Additionally, the CAISO day-ahead LMP will apply to uninstructed energy so that every Participant load and resource will be subject to the CAISO real-time LMP only to the extent and in proportion with the MSS Agreement net deviation settlement with the CAISO.

When NCPA load follows, or substitutes one resource for another resource in the real-time market, those changes from the day-ahead market energy schedule are generally settled with the CAISO as uninstructed energy. Under MRTU load following energy is explicitly classified and settled as a form of CAISO instructed energy. Due to the load following deviation band, there is the expectation within the MSS Agreement that the positive and negative deviations and load following energy will offset one another, on average. Therefore the MSS Agreement as a whole is only subject to the CAISO real-time LMP for the net of all deviations, which is normally within a three percent (3%) bandwidth.

This pricing methodology will allow each resource, particularly those with output levels adjusted in real-time for load following purposes, to be shielded from the volatility of the CAISO real-time LMP. This does not necessarily mean a reduction in cost when comparing the CAISO real-time LMP



to the CAISO day-ahead LMP because the settlement effect depends on whether the CAISO real-time LMP is greater or less than the CAISO day-ahead LMP. It does mean that all energy within the Pool will be transacted using the same CAISO day-ahead LMP for market energy, whether scheduled in the day-ahead market timeframe or not.

The resulting settlement will be a difference between the dollars settled for instructed and uninstructed energy within the Pool, and the corresponding Pool settlement with the CAISO. The amount of this difference should be relatively small due to NCPA's MSS Agreement operation within the deviation band for the Pool and the result of offsetting deviations, both positive and negative, such that the total net deviation is small. For NCPA to maintain revenue neutrality with the CAISO, this difference must then be allocated as an uplift charge/payment on all MWhs scheduled with the CAISO by the Pool that might be subject to uninstructed energy, MSS Agreement generation, load, imports and exports.

Incremental obligations on the MSS Agreement resources by the CAISO in real-time due to a bid to provide a specific ancillary service or optimal energy are allocated to the project participants according to their bids. An exceptional dispatch is allocated by NCPA Project ownership shares.

**Section 2. Allocation of Uplift Charges and Payments.** As described in this Pool Schedule 8, there will be an hourly Pool uplift settlement amount to ensure Participants are made whole for the difference between the Pool settlement at CAISO day-ahead LMP under NCPA charge code 9919, and the CAISO settlement at CAISO real-time LMP in charge codes 6470 and 6475. Special exceptions will be made for Participant specific situations that are not related to normal load following activities. The uplift settlement will be accounted for in NCPA charge code 9920 as follows:

$$(i) \text{ Pool 9920 Uplift} = (\text{Pool 9919 MWh} * \text{Pool 9919 Price}) - (\text{Pool 6470 MWh} * \text{Pool 9919 Price}) - (\text{Pool 6475 MWh} * \text{DA LMP})$$

The 9920 uplift amount will be allocated to Participants in the All Resources Bill according to the sum of the absolute values of the MWh quantities of the following:

- (i) Participant metered load;
- (ii) Participant share of metered generation, where metered generation refers to the energy allocation determined in Appendix B of the SCPA;
- (iii) Participant share of final import and export schedules; and
- (iv) Participant participation in real-time ESP trades and inter-sc trades.

**Section 3. Procedure for Allocating Pool and Third Party Transactions.** This section outlines the procedure for allocating among the Participants' power transactions with Third Parties. This section also outlines the procedure for allocating transmission use among Participants. This procedure is intended to cover all Pool energy and capacity transactions. It will be amended and revised in the future as markets change, or in response to new types of transactions that are not covered by this document.

3.1 **Energy and Capacity Transaction Allocations.** Energy and capacity transactions from sources outside of the Pool will be categorized as either "Pre-month" or "In-month" transactions. Pre-month transactions are defined to be sales or purchases scheduled prior to the calendar month covered by the transaction. All other transactions are defined to be In-month transactions. The Pool will execute Pre-month power transactions only as explicitly authorized and directed by one or more Participant. Each Pre-month transaction will be formally communicated to each Participant as specified by NCPA's procedures and policies.

In-month transactions, including daily and hourly pre-scheduled and real-time energy purchases and sales, are executed by NCPA based solely on its judgment. In-month transactions that do not require the California Oregon Transmission Project ("COTP") or South of Tesla ("SOT") transmission capacity

to consummate, or do not have pre-established ownership rights or other rationale for direct allocation, will be allocated based on need. Two sets of allocators will be developed, one for pre-schedule transactions and the other for intra-day transactions. Pre-schedule transactions means transactions consummated prior to the active day. Intra-day transactions means transactions consummated within the active day but prior to actual delivery. Active day means the period in which energy is generated and/or delivered. All pre-schedule and intra-day transactions are treated as in-month transactions. The allocators will be developed after the fact.

Pre-schedule allocators will be created for the hourly resource balance of each Participant. A Participant's resource balance will be calculated from the Participant's pre-schedule forecast and its allocation of resources, pre-month and balance of month deals. If the pre-schedule deal is a purchase, the purchase will be allocated only to those Participants whose resource balance is short, in proportion to each Participant's share of the collective Pool short position. If the pre-schedule deal is a sale, the sale will be allocated only to those Participants whose resource balance is long, in proportion to each Participant's share of the collective Pool long position. If the pre-schedule deal is a purchase, and no Participants' resource balance are short during any hour of the relevant purchase, for such hour(s) the purchase will be allocated to the Participants

based on their pro-rata share of the Pool pre-scheduled load forecast. If the pre-schedule deal is a sale, and no Participants' resource balance are long during any hour of the relevant purchase, for such hour(s) the sale will be allocated to the Participants based on their pro-rata share of the Pool pre-scheduled load forecast. Short in this context means demand is greater than supply, and long means demand is less than supply. A majority of pre-schedule deals are purchased in standard block deliveries (e.g. on-peak, super-peak, off-peak or 7x24 blocks). The value of energy is different for each hour of the day, and on average the value of on-peak energy is greater than off-peak energy. For those pre-schedule deals that have a fixed price for the duration of the delivery period, the hourly price will be mathematically reshaped to reflect the value of such transactions during different periods and hours of the transactions using the CAISO day-ahead market NP15 existing zone trading hub LMP prices (commonly referred to as the NP15 EZ Gen Hub LMP) as the basis for shaping.

Intra-day allocators will be created from the hourly resource balance of each Participant. A Participant's intra-day resource balance will be calculated as the summation of its uninstructed deviations in schedules. If the intra-day transaction is a purchase, the purchase will be allocated only to those Participants whose resource balance is short, in proportion to each Participant's share of the collective Pool short position. If the intra-day transaction is a sale,

the sale will be allocated only to those Participants whose resource balance is long, in proportion to each Participant's share of the collective Pool long position. Any intra-day transaction for which an hourly allocator cannot be calculated, based on the Participants' intra-day resource balance, will be allocated to the Participants based on their respective share of the hourly "Load Volatility Index". Short in this context means demand is greater than supply, and long means demand is less than supply. The value of energy is different for each hour of the day, and on average the value of on-peak energy is greater than off-peak energy. For those Intra-day transactions that have a fixed price for the duration of the delivery period, the hourly price will be mathematically reshaped to reflect the value of such transactions during different periods and hours of the transactions using the CAISO day-ahead market NP15 existing zone trading hub LMP prices (commonly referred to as the NP15 EZ Gen Hub LMP) as the basis for shaping.

In-month transactions, including both pre-schedule and intra-day transaction, that require COTP or SOT capacity will be allocated in proportion to each Participant's hourly ownership of unused transmission capacity on the COTP or SOT, respectively. Unused transmission capacity shall be determined by subtracting pre-allocated transactions only from the Participant's share of available transmission. In-month transactions that require buy-back of COTP

capacity from the TANC OASIS will be based upon Participant share of uncommitted use as a function of the line rating at the time of the transaction. In-month transactions that use committed load following transmission capacity will be based upon monthly capacity shares. COTP capacity shares shall be determined as follows:

(i) COTP Capacity Shares -- Monthly, Weekly, Daily, and Hourly  
Time Frames (T) = Participant Remaining Capacity (MW)<sub>T</sub> /  $\Sigma$  (Participants Remaining Capacity (MW)<sub>T</sub>)

Participant resource commitments that require transmission capacity to be completed will be deducted from the Participant's hourly unused transmission capacity only if the transmission is actually used by the resource in real-time. For example, the full Participant Entitlements of the Seattle City Light Exchange Agreement will count against a Participant's unused COTP transmission capacity only if energy actually is transmitted over the COTP.

**Section 4. Allocation of Balance of Month ("BOM") Energy Transactions.**

Balance of Month ("BOM") energy transactions are typically purchases or sales contracts where the term of the transaction extends from the next scheduling day until the end of the current or next succeeding calendar month. For the purpose of this Agreement, the definition of BOM will include all transactions with terms

that are longer than the normal daily pre-schedule transactions and are completely contained within the current or next succeeding calendar month.

NCPA will monitor Participant energy balances within the current month to identify significant energy imbalances that, in the sole judgment of NCPA, need to be corrected with the execution of a BOM energy transaction. Energy balances may change significantly within a month due to various unexpected developments, including changes in hydrologic conditions or resource availability. NCPA will fully consider projections of prospective energy market and resource conditions in determining the need to execute a BOM transaction.

NCPA will allocate each BOM energy transaction fully at the time the transaction is executed on the basis of need to reduce energy imbalances for the current month. NCPA will execute BOM energy transactions only for the purpose of reducing energy cost risk represented by energy imbalances.

Whenever possible, NCPA will consult each Participant prior to implementing BOM energy transactions. NCPA staff may execute a transaction without such consultation if, in the sole judgment of NCPA staff, there is a compelling reason to act immediately. Participants will be notified of their participation shares in BOM transactions without delay.

An individual Participant may execute its own BOM energy transactions to be scheduled by the Pool only with the express prior review and consent of



NCPA. NCPA shall review the proposed transaction to determine its utility towards balancing the Participant's energy balance for the month. Such consent shall be withheld only if NCPA staff determines that the BOM transaction proposed by the Participant is unlikely to reduce a significant energy imbalance. NCPA staff will consult the requesting Participant as soon as possible after a determination is made so that the Participant may execute the BOM energy transaction if consent is granted, or take corrective action if consent was withheld by NCPA staff.

**Section 5.    Transactions Using Buy Back of Pool Posted COTP Transmission.**

In the day-ahead and real-time scheduling time frame NCPA will buy back Pool COTP capacity that has been posed on the Transmission Agency of Northern California ("TANC") OASIS to effect transactions that will provide net value to the owners of the COTP. The costs and benefits of the transaction and the COTP buy back will be allocated using COTP Capacity Shares as derived in this Pooling Schedule 8.

**Section 6.    Hourly Transmission Allocations and Transfers.** The Pool will automatically implement hourly transfers of transmission capacity for Participants whose resource commitments over a transmission path exceed their transmission entitlements. The price of these transmission transfers, which will be determined after-the-fact during the preparation of the monthly All Resources

Bill, will equal the positive difference between the applicable hourly CAISO day-ahead LMP's for the points of delivery and receipt of the transmission path. The transfer price will equal zero if the difference is less than zero. The hourly transmission balance (deficits and surpluses) will be computed based on the actual energy flow on the line. Participants with surplus transmission capacity will sell their unused/surplus transmission on an hourly basis in proportion to the surplus amounts.

**Section 7.    Procedure for Allocating Cost and Benefits of Ancillary Services.**

NCPA shall allocate the costs and benefits of purchasing and/or sales (including self-provision) of ancillary services in accordance with the SCPA.

## POOLING SCHEDULE 9

### TRANSMISSION

**Section 1. Interconnection Agreements.** Interconnection of Participant's electric systems to the balancing authority area is provided for under the terms and conditions of the Interconnection Agreement between NCPA, Pacific Gas and Electric Company ("PG&E"), and certain Members.

**Section 2. Transmission Service.** High voltage and low voltage transmission service is provided in accordance with the CAISO Tariff. Charges for high voltage and low voltage transmission service provided by the CAISO shall be allocated to Participants in accordance with the SCPA.

**Section 3. Transmission Resources.**

(i) California Oregon Transmission Project ("COTP")

The California Oregon Transmission Project ("COTP") is the third leg of an intertie system connecting California with the Pacific Northwest. The Participant's project ownership participation percentages are as stated in Table A below. The Participant project ownership participation percentages reflected in this Pooling Schedule 9 may be modified by layoff agreements between Participants, or between Participant(s) and Third Parties.

**Table A**  
**COTP Project Ownership Participation Percentages**

North-to-South Directional

Project Participant	COTP Capacity North-South (MW)	COTP Ownership Percentage (%)	COTP Pool Percentage (%)
Alameda	16.7141	1.227%	16.140%
Healdsburg	3.3453	0.246%	3.230%
Lodi	26.1511	1.920%	25.254%
Lompoc	2.5396	0.187%	2.453%
Palo Alto	50.1422	3.682%	48.420%
Plumas Sierra	2.0146	0.148%	1.945%
Ukiah	2.6489	0.195%	2.558%
<b>Total</b>	<b>103.5558</b>	<b>7.603%</b>	<b>100.000%</b>

South-to-North Directional

Project Participant	COTP Capacity South-North (MW)	COTP Ownership Percentage (%)	COTP Pool Percentage (%)
Alameda	12.7871	1.227%	16.140%
Healdsburg	2.5593	0.246%	3.230%
Lodi	20.007	1.920%	25.254%
Lompoc	1.9429	0.187%	2.453%
Palo Alto	38.3614	3.682%	48.420%
Plumas			
Sierra	1.5413	0.148%	1.945%
Ukiah	2.0265	0.195%	2.558%
<b>Total</b>	<b>79.2255</b>	<b>7.603%</b>	<b>100.000%</b>

(ii) South of Tesla Transmission Service (“SOTP”)

The South of Tesla Transmission Service (“SOTP”), an existing transmission contract, is long-term firm transmission service provided by contract between PG&E and Transmission Agency of Northern California (“TANC”), through which Participants can access the Southern California Edison transmission system. The Participant’s project ownership participation percentages for the contracted service are contained in table B below. The Participant’s project ownership participation percentages reflected in this Pooling Schedule 9 may be modified by layoff agreements between Participants, or between Participant(s) and Third Parties.

**Table A**  
**COTP Project Ownership Participation Percentages**

Project Participant	SOTP Capacity (MW)	SOTP Ownership Percentage (%)	SOTP Pool Percentage (%)
Alameda	6.309	2.103%	40.341%
Healdsburg	0.711	0.237%	4.546%
Lodi	6.21	2.070%	39.708%
Lompoc	0.801	0.267%	5.122%
Plumas Sierra	0.699	0.233%	4.470%
Ukiah	0.909	0.303%	5.812%
<b>Total</b>	<b>15.639</b>	<b>5.213%</b>	<b>100%</b>

(iii) Other transmission resource transactions

NCPA shall assist the Parties in transacting bi-lateral agreements for the transfer of transmission resources. Participants who separately enter into bi-lateral transmission agreements shall notify NCPA operations prior to the time that the Agreement is effective.

**Section 4.     Schedule of Transmission Use.** NCPA shall provide a schedule of transmission resource entitlements and transfers, and the cost of each in the monthly All Resources Bill.

**Section 5.     Other Rights.** Transmission access does not preempt rights to generating resource, contract entitlements, ownership or any other rights, except to the extent authorized by the Party with such rights.

## POOLING SCHEDULE 10

### LOAD FOLLOWING COSTS AND ALLOCATIONS

**Section 1. Overview.** Load following capacity is needed to balance the Pool loads and resources pursuant to the MSS Agreement in each ten-minute settlement period. To enable load following in real-time, generation capacity must be withheld from the day-ahead energy and/or ancillary services markets. The amount of capacity withheld from the day-ahead markets to balance real-time ten-minute loads, after submission of all final schedules, will be referred to as total load following capacity. Total load following capacity can be divided into two types. Type 1 allows dispatch to follow the 10-minute deviations in load from their integrated hourly values. Type 2 allows for adjustments to integrated hourly deviation in load from its final schedule (i.e., forecast error). This Pool Schedule 10 deals with total load following capacity, its optimal amount, allocation, and pricing of its opportunity costs.

Much of this schedule is devoted to the Collierville hydroelectric project because it is the main resource used for load following by the Pool and Silicon Valley Power ("SVP"). Load following also includes uses of resource capacity in real time when that capacity was not scheduled in the day-ahead market. These resources include, but are not limited to, the gas units and the California Oregon Transmission Project ("COTP").

Whenever a resource is used to follow load it will incur a forgone revenue stream and/or additional energy costs for which the owners of the resource must be compensated. Within the All Resources Bill load following compensation will be determined in general conformance to this schedule, while allowing for changes in innovation and scheduling practices in the CAISO markets. This Pooling Schedule 10 will be update as required to reflect such changes.

**Section 2. Optimal Load Following Amount.** Statistical analysis of the Participants and SVP load variability has identified that the required amount of load following capacity varies by month and hour of the day. However, due to the dynamics of the market a more fluid approach in deriving load following capacity will be used. This approach will use a load following capacity baseline derived from statistical analysis of Pool and SVP operations. Then periodically, NCPA power management staff will decide on the optimal amount of load following capacity based on current market conditions, weather variability and resource reliability. The optimal amount of load following capacity will then be allocated between the Participants being balanced in real time and SVP based upon historically derived shares. Since SVP is a Metered Subsystem balancing entity, its load/resource balance will be monitored in real time and any SVP deviations that cause deviation penalties will be directly assigned to SVP. The



Pool is also a balancing entity and any Pool resource/load deviations that cause deviation penalties will be directly assigned to the Pool.

**Section 3. Allocation of the Pool's Load Following Capacity.** Every Participant needs load following capacity. There is no single Participant that has a perfectly flat load or one that can predict its load on a day-ahead or hour-ahead basis with absolute certainty. Moreover, the Pool's load following need will always be equal to or less than the sum of the Participant's load following need because of offsetting load characteristics. These offsets occur when the maximum and/or minimum ten-minute ramp periods within an hour are different for Participants within the Pool, and when their load forecast deviations offset. The offsets are analogous to coincident versus non-coincident peaks, creating for the purpose of load following, economies of scope and joint benefits to the members (i.e., the broader and more diverse load the greater the offsets). The amount of load following capacity will, however, vary both in absolute and relative terms by Participant. Given these characteristics, the Pool's share of load following capacity determined by NCPA power management staff will be allocated between Participants based upon their hourly load characteristics. This is referred to as a Participant's Load Volatility Index ("Load Volatility Index"). The hourly allocation of load following capacity will be based upon the following equations using actual data:

*Load Volatility Index For Each Hour* <sub>(Participant i)</sub> =  
 $\max(0, \text{Highest Ten Minute Meter Value}_{(Participant i)} - \text{Three Hour Ahead Forecast}_{(Participant i)}) + \max(0, \text{Three Hour Ahead Forecast}_{(Participant i)} - \text{Lowest Ten Minute Meter Value}_{(Participant i)})$

*Load Capacity Share* <sub>(Participant i)</sub> =  
 $\text{Load Volatility Index For Each Hour}_{(Participant i)} \div \sum_{(i = 1 \text{ to } n)} (\text{Load Volatility Index For Each Hour}_{(Participant i)})$

*Allocated Load Following Capacity* <sub>(Participant i)</sub> =  
 $\text{Pool's Load Following Capacity} * \text{Load Capacity Share}_{(Participant i)}$

**Section 4. Opportunity Cost of Load Following.** Whenever generating capacity is reserved to load follow it cannot be scheduled into the CAISO's day-ahead ancillary services market or sold in the day-ahead energy markets. As such, the opportunity costs of load following consist of two components. The first is the net price of forgone ancillary services and energy sales in the day-ahead markets (e.g., Regulation Up Price less GMC). The second is the energy adjustment component that occurs when the unit is used for load following versus it being used when called upon by the CAISO.

4.1 **Forgone Capacity Price Component.** The forgone capacity price is derived as the weighted average net price of the day-ahead capacity and energy markets that the generation unit was pre-scheduled into. The Collierville generating units, for example, can be bid into the following markets: regulation

up, regulation down, spin, energy, and none. The forgone energy sale usually has a price of zero since the water can be stored for the next day.

4.2 Energy Adjustment Component. The energy cost adjustment component is needed because after the fact energy settlements will result when the unit is used to load follow, with the generator being paid the day-ahead and/or real-time locational marginal price (“LMP”) for all energy. The energy adjustment accounts for the difference between: (i) the use of energy under load following and that in the market alternative(s), and (ii) the difference between the LMP value of the energy and the variable cost of the energy. Since the variable cost of a hydroelectric unit is different from that of a gas unit the energy adjustment component will be unit specific.

4.3 Hydroelectric Energy Cost. The variable cost component of a hydroelectric unit is its value of water (“VOW”), which may or may not be equal to its value of storage (“VOS”). For example if there is plenty of room for storage in the Spicer reservoir, but there is a large amount of runoff between Spicer and McKay then the value of Storage could be some positive amount while the value of water is zero (because such runoff cannot be stored).

Whether the energy adjustment is positive or negative depends upon whether the LMP is greater than or less than the hydroelectric unit’s energy costs and whether load following will use more or less energy than that of the

foregone sales in the ancillary services/energy markets. Hydroelectric energy cost is defined as:  $StoragePcnt * VOW$ , where  $StoragePcnt$  is the percent of energy pulled from its reservoir. If natural flows are sufficient to allow for load following then the storage percent would be zero and the resulting energy adjustment cost of hydroelectric generation would be zero dollars. If natural flows were low and releases from storage were needed to load follow then the storage percent would be one (1) and the resulting energy cost would be the value of water. The storage percent is found by reviewing the DAM energy to determine if sufficient generation was scheduled to be able to load follow down. If the DAM energy award can support load following down then the storage percent will be zero; if not, the storage percent will be somewhere between zero and one.

$$(i) \text{ Energy Cost} = \text{Storage Percent}_{(Hour\ i)} * (\text{Value of Water})$$

4.4 Turbine Energy Costs. The energy costs of a combustion turbine are equal to its variable costs. That is, the plant's heat rate times the price of natural gas plus its variable operation and maintenance costs ("VOM") and startup costs less any CAISO avoided cost for internal generation.

$$(i) \text{ Energy Cost} = (\text{Heat Rate} * \text{Natural Gas Price}_{(Day\ d)}) + \text{VOM} + \text{Startup Costs} - \text{Avoided CAISO Costs}$$

If however, the combustion turbine is energy limited, then its energy cost characteristics will include an element similar to that of a hydroelectric unit's VOW to reflect the time-of-use value.

4.5 COTP Energy Costs. The energy cost of COTP is the price of the contracted energy.

(i) *Energy Cost = Contract Energy Price<sub>(Hour hd)</sub> + losses and associated scheduling fees.*

4.6 Energy Adjustment for All Units. The formula for the energy adjustment component of the opportunity cost of load following on a per MW basis for each hour of the day will be calculated in general conformance to:

$$\text{Energy Adjustment}_{(Hour h)} = \{ (\text{EnergyCost} - \text{LMP}) * \text{LF\_Energy} - (\text{EnergyCost} - \text{LMP}) * \text{AS\_Energy} \}_{(Hour h)}$$

where:

- Energy Cost = Energy Cost<sub>(Resource r)</sub>*
- LMP = Locational Marginal Price*
- LF\_Energy = energy used to load follow in real time.*
- AS\_Energy = energy called by the CAISO in real time.*

If the energy cost is greater than the LMP, and the energy used for load following is less than what would have been used in the ancillary services/energy markets, then by load following there is a net energy benefit to the owner of the load-following resource and thus the energy adjustment subtracts from the average net ancillary services/energy price. If more energy is use to load follow than what would have been used in the ancillary

services/energy market when the energy cost is greater than the LMP then the energy adjustment adds to the average net price. On the other hand if the LMP is greater than the energy price and load following energy is less than what would have been used in the ancillary services/energy markets, the energy adjustment will be added to average net price. If more load following energy is used than what would have been used in the ancillary services/energy markets when the LMP is greater than energy costs then the energy adjustment will be subtracted from the average net price. Even if a resource incurs no opportunity costs, that is, it does not qualify for ancillary service or it had idle capacity in the day-ahead markets, an energy adjustment will be calculated if the LMP is less than its energy costs.

4.7 Time-Of-Use Adjustment Cost. For resources that store its energy (e.g., hydro units), a time-of-use (“TOU”) adjustment must be made for energy scheduled for the sole purpose of load following down. The TOU adjustment is calculated as the max of zero and the difference between the unit’s average super peak DAM LMP and the hourly LMP.

4.8 Load Following Opportunity Cost. The total opportunity cost per MW of load following for a generating resource for each hour of the day is the net ancillary services/energy price plus the energy adjustment.

$$LF\_Opp\_Cost\_MW_{(Hour\ h)} = Avg\_Net\_Price + Energy\ Adjustment_{(Hour\ h)} + TOU\ Adjustment$$

where: *Avg\_Net\_Price as previously defined*

*Energy Adjustment as previously defined*

*TOU Adjustment as previously defined*

The monthly opportunity cost of load following will be allocated to each Participant as the product of the load following opportunity cost per MW for hour i and the Participant's allocated load following capacity for that hour, summed across all the hours of the month. The load following opportunity cost payments will then be distributed to the resource owners based on ownership shares. Such payments and charges will be included in the monthly All Resources Bill.

4.9 Choice of Load Following Unit. An examination of the opportunity cost per MW and resource availability will be used to determine which generating unit will be used to load follow. As the value of water and/or natural gas prices change the relative energy costs of a hydroelectric unit versus a gas unit, versus the COTP will change. The opportunity cost per MW of the hydroelectric unit and availability will change vis-à-vis alternatives. If, for example, natural gas prices fall during a dry hydro year, then the opportunity cost of load following with hydroelectric resources will increase and that of the gas unit will fall. The changes in relative opportunity costs may now make load

following with the gas unit less expensive than load following with the hydroelectric unit. Pending operational and/or other constraints and requirements Power Management staff will strive to use the least cost resource to perform load following.



## **POOLING SCHEDULE 11**

### **WESTERN AREA POWER ADMINISTRATION ALLOCATIONS**

Allocations of Western Area Power Administration capacity and energy assigned to NCPA shall be administered in accordance with the AAA Agreement. Such capacity and energy is treated as any other Third Party resources procured solely by such Participant in the context of Pool operations. NCPA will strive to maximize the value of such capacity and energy assigned to NCPA in accordance with any applicable rules and regulations.

## POOLING SCHEDULE 12

### BILLING PROCEDURES

**Section 1.    Billing Procedure.** NCPA will issue invoices to each Participant for its allocated share of costs associated with NCPA's provision of Power Pool Management Services, including, but not limited to, Administrative Services Costs and Power Pool Management Services Costs, in accordance with this Agreement. Such invoices may be either the All Resources Bill or separate special invoice, as determined by NCPA. Notwithstanding the provisions of this Agreement, NCPA shall issue invoices to each Participant as further described in this Pooling Schedule 12.

1.1    Pre-Billing. Prior to each month, NCPA shall issue an invoice to each Participant for its estimated share of costs associated with the services provided in accordance with this Agreement. Estimated charges are billed in advance and are based on, but are not limited to, budgets, schedules, metering data, forecasted net purchases or sales of energy, forecasted congestion costs and estimates of power and related attributes prices, and charges from the CAISO as per the SCPA.

1.2    Adjustments and True-ups. From time to time NCPA shall review and compare its estimate of costs as set forth in the Annual Budget against actual costs incurred during the same period of time. In the event estimated costs

invoiced to Participants substantially deviate from actual costs incurred by NCPA, NCPA shall adjust the amounts to be invoiced to the Participants in subsequent billings, in the respective cost category, for the balance of the Fiscal Year, to ensure NCPA collects sufficient funds to cover all budgeted and actual costs.

A substantial deviation from cost estimates approved in the Annual Budget means a permanent variation from a major objective or parameter of plus or minus five percent (5%) or more, unless otherwise provide for in the Annual Budget. A permanent variation is one that is not expected to reverse at a later date during the same Fiscal Year.

1.3 Annual Billing True-Up. At the end of each Fiscal Year, as soon as actual data is available and the annual year-end audit complete, NCPA shall true-up all invoices based on actual cost data and actual billing determinates. The amounts calculated to be over or under collected from the Participants during the Fiscal Year, measured against actual costs, will be debited or credited to Participants as follows:

- (i) a lump sum on future invoices to the Participant;
- (ii) applied to a Participant's general operating reserve account;

or

- (iii) as otherwise directed by the Commission.

**POOLING SCHEDULE 13**  
**ACQUISITION OF GHG COMPLIANCE INSTRUMENTS FOR GHG**  
**COMPLIANCE OBLIGATIONS**

The CARB, through the requirements established under the GHG Regulations, may impose obligations on NCPA to report GHG emissions caused by performing the services under the Agreement and to surrender to the CARB GHG Compliance Instruments for such emissions. This Pooling Schedule 13 is intended to directly address NCPA and Participant compliance activities specific to the GHG Regulations. In the event of other applicable GHG-related mandates, this Pooling Schedule 13 will be reviewed to assess the need for amendments.

The procedures below outline NCPA and Participant responsibilities with regard to procurement, payment, purchase, sale, trade, transfer, identification, certification, and all similar activities ancillary to acquiring, evaluating, allocating, and surrendering requisite CARB Offset Credits, Emissions Allowances, penalties, certificates or other GHG Compliance Instruments, products, factors or considerations required and associated with the operation of the Agreement. Such activities include, but are not limited to, transactions between NCPA and Third Parties, transactions utilizing agents and/or Third Parties to act as intermediaries, and transactions between and among Participants and NCPA if requested and feasible, all as may be developed,

revised, and approved by the Commission (“AB32 Compliance Activities”). The general principles that apply to such activities are:

(i) all Participants are to be treated in an equitable manner.

(ii) All Participants shall be afforded the same opportunities to interact with NCPA and/or any outside agents utilized by NCPA as approved and authorized by the Commission. NCPA’s AB32 Compliance Activities undertaken for the Pool shall be subject to full transparency for all Participants to the extent permitted by law and regulations; provided that NCPA shall treat any Participant specific information related to any GHG trading platform or auction as confidential to the extent required by law.

(iii) To the extent practicable, NCPA shall allow Participants to individually manage their own risks of meeting their GHG compliance obligations.

(iv) Consistent with the terms of Section 6.2 of this Agreement, NCPA and Participants may utilize other authorizing agreements (e.g. Market Purchase Program) to acquire GHG Compliance Instruments for transactions longer than the Balance-of-Month or prospectively (i.e. prior to incurring a compliance obligation).

(v) NCPA shall procure any required and as yet unattained GHG Compliance Instruments associated with activities under this Agreement as close

in time as practicable to daily operations, unless otherwise directed by the Commission, and pursuant to the protocols contained in this Pooling Schedule 13.

(vi) Participants may transfer GHG Compliance Instruments or direct NCPA to procure GHG Compliance Instruments under other authorizing agreements (e.g. Market Purchase Program) to meet up to 100% of a Participant's forecast and or actual compliance obligation for a given compliance time period in lieu of cash payments to NCPA to procure such GHG Compliance Instruments, if such GHG Compliance Instruments have not yet been procured by NCPA and provided such GHG Compliance Instruments have been transferred to and received by NCPA prior to the next applicable CARB administered auction. NCPA and such Participants shall mutually agree to any such GHG Compliance Instrument transfers prior to making any such GHG Compliance Instrument transfer and NCPA's agreement to any such transfer shall not be unreasonably withheld. NCPA and such Participants shall coordinate to meet any requisite depository and timeline requirements consistent with the GHG Compliance Instrument procurement process outlined in this Pooling Schedule 13.

(vii) On a monthly basis, NCPA shall timely invoice Participants in the All Resources Bill, based on NCPA's estimate for Participant's share for costs

associated with AB32 Compliance Activities such that NCPA shall have on hand sufficient funds and or GHG Compliance Instruments from each Participant projected to meet the full estimate of each Participant's then current compliance obligation.

(viii) NCPA intends, to the extent practicable, to allow Participants to perform AB32 Compliance Activities and meet up to 100% of their actual or forecast compliance obligations (current, future and, when required, in arrears) by conveyance of any combination of cash and or GHG Compliance Instruments to NCPA sufficient to meet such obligations for applicable compliance periods.

(ix) NCPA shall set up any needed accounts or accounting mechanisms such that Participants may advance to NCPA, and NCPA shall track by Participant, the combination of available cash and/or GHG Compliance Instruments prior to providing any functions of the Agreement that may be utilized to meet all or a portion of a given Participant's compliance obligations.

(x) NCPA shall set up and establish any requisite reserve accounts, emissions products trading accounts and deposits, brokerage accounts and deposits, and or other similar accounts, deposits, or reserve requirements in consultation with the Commission.

(xi) NCPA shall account for compliance obligations for activity performed under the Agreement separately by covered entity and by Participant,

and to the extent identifiable, account for and allocate to each individual Participant any costs, charges, fees, penalties, liabilities, and damages arising out of that Participant's AB32 Compliance Activities including, but not limited to, penalties for failure to comply with reporting, surrender, or other legal obligations resulting from a Participant's decisions, actions and/or inactions to transfer GHG Compliance Instruments, to direct NCPA to acquire GHG Compliance Instruments under other authorizing agreements (e.g. Market Purchase Program), the inability to utilize such GHG Compliance Instruments to meet all or any portion of a Participant's GHG compliance obligation, and/or to pay cash. Under no circumstances shall NCPA or any other Participant be liable for such costs attributable to the responsible Participant.

**Section 1. NCPA GHG Compliance Instrument Invoicing, Tracking and**

**Settlement.** NCPA will invoice Participants monthly for their share of the estimated cost of GHG Compliance Instruments forecast to be needed for the next operating month as part of NCPA's All Resources Bill to Participants. The estimated costs will be calculated in accordance with the regulatory structure of the GHG Regulations. NCPA will incorporate into its internal accounting systems and All Resources Billing statements to include the following terms:

1.1 "Compliance Cash Account" or "CCA" means an account or entries within an account that NCPA uses to track, by Participant by month, a



Participant's cash payments to/from NCPA to maintain prescribed funds at NCPA sufficient to meet the Participant's compliance obligations that the Participant has not otherwise met with GHG Compliance Instruments that are timely transferred to NCPA.

1.2 "Metric Ton Compliance Instrument Account" or "MTA" means an account established or used by NCPA to track, by Participant by month and, if necessary, by compliance period, the total amount of eligible GHG Compliance Instruments, including applicable serial numbers, then held by NCPA on behalf of each Participant.

1.3 "Metric Ton Compliance Obligation Account" or "MTO" means an account established or used by NCPA to track, by Participant by month, the total estimated GHG Compliance Instruments needed for GHG emissions for services provided under the Agreement for an applicable billing period as described below, net of any GHG Compliance Instruments surrendered to CARB.

1.4 "Minimum Cash Compliance Obligation" or "MCCO" means the monthly minimum required dollar amount determined by NCPA that each Participant must have on deposit at NCPA in its CCA sufficient to cover the estimated cost of GHG Compliance Instruments to cover each Participant's MTA Shortfall.

1.5 “MTA Shortfall” means the positive value for each Participant given by the formula:

MTO balance - MTA balance.

Participants may satisfy their individual compliance obligation by providing to NCPA cash, GHG Compliance Instruments, or a combination thereof, which in aggregate, the amount or value of which is equal to or greater than NCPA’s current estimated cost to meet the Participant’s MCCO as determined below. For each Participant, invoices will specify the Participant’s required compliance obligations forecast for each operating month in units of Metric Tons of Carbon Dioxide Equivalent (“MTCO<sub>2e</sub>”), as further defined in the GHG Regulations, and the estimated cost to procure any forecast required number of GHG Compliance Instruments through the next operating month.

(1) NCPA will maintain at least three compliance obligation related accounts for each Participant of each covered entity:

- (a) Metric Ton Compliance obligation Account (MTO);
- (b) Metric Ton Compliance Instrument Account (MTA); and
- (c) Compliance Cash Account (CCA).

(2) Each Participant’s monthly MTO at the time of the All Resources Bill, will include the following:

- (a) the prior month’s MTO balance;

- (b) adjustments to prior months' Compliance obligations occurring as a result of:
- (i) variations in actual versus forecast generation/import levels;
  - (ii) variations in MTO due to adjustments to actual prior months' generator heat rates, emission factors, and or other factors; or
  - (iii) Other AB32 Compliance Activities undertaken by either a Participant or NCPA that result in a net increase or decrease in each Participant's MTO (for example, certified biogas deliveries may decrease a generator participant's monthly share of the facility's Compliance obligation).
- (c) the Participant's expected share of the monthly compliance obligation based on a forecast of the next month's operating levels (as adjusted for any applicable biogas, emission factors, or other factors that may reduce a Participant's share of the monthly compliance obligation).

(d) adjustments for any GHG Compliance Instruments from such Participant's MTA surrendered to CARB by NCPA to meet a surrender obligation.

(3) Each Participant's monthly MTA at the time of the All Resources

Bill will include the following:

- (a) the prior month's MTA balance;
- (b) the net total of the following adjustments since the previous All Resources Bill, including:
  - (i) applicable GHG Compliance Instrument purchases/sales by NCPA on Participant's behalf;
  - (ii) transfers of applicable GHG Compliance Instruments to NCPA by Participant; or
  - (iii) Applicable GHG Compliance Instruments from such Participant's MTA surrendered to CARB by NCPA to meet a Surrender Obligation.
- (c) other adjustments as warranted which affect each Participant's monthly MTA balance; and
- (d) for purposes of calculating the All Resources Bill, CARB Offset Credits, including CARB Sector-Based Offset Credits, of up to eight percent (8.00%) of a Participant's share of the

compliance obligation may be included in the MTA for the current compliance period. CARB Offset Credits which exceed this eight percent limit shall be placed in the MTA for future Compliance Period(s), as appropriate.

(4) Each Participant's monthly CCA at the time of the All Resources

Bill will include the following:

- (a) the prior month's CCA balance;
- (b) cash withdrawals;
  - (i) of amounts in excess of a Participant's MCCO, if requested.
  - (ii) other refunds of excess funds as authorized by the Commission.
  - (iii) NCPA's use of funds for requisite actions to satisfy a compliance obligation, including but not limited to using CCA funds to satisfy CARB's security requirements (e.g. bid guarantee), or procuring GHG Compliance Instruments, or other related activities.
- (c) cash additions;
  - (i) CCA portion of the monthly All Resources Bill payment.

(ii) Other cash payments as required and paid by Participant.

(iii) Return of any unused funds from CARB's security requirements (e.g., bid guarantee), or any funds withdrawn under 4.b.iii.

(5) The monthly CCA balance at the time of the monthly All Resources Bill will be calculated as:  $4(a) - 4(b) + 4(c)$ .

Pursuant to quantitative usage limits in the GHG Regulations on designated GHG Compliance Instruments that are used to meet compliance obligations, CARB Offset Credits, including CARB Sector-Based Offset Credits, are limited to not more than eight percent (8.00%) of a Participant's actual compliance obligations in a given compliance period. To the extent one or more Participants provide CARB Offset Credits in excess of this eight percent level, NCPA will not apply such excess CARB Offset Credits in the calculation of the All Resources Bill and each such Participant shall provide NCPA with a written description of how such excess CARB Offset Credits are to be used, including the potential to designate such to be used for another compliance period if administratively and regulatorily feasible, and NCPA will account for such Participant's excess CARB Offset Credits according to that plan and invoice, if

required, such Participant in accordance with that plan and the accounting methodology described above.

If a Participant's MTO balance exceeds its MTA balance at the time of the monthly All Resources Bill, NCPA will determine the MCCO by multiplying such Participant's MTA Shortfall by the forward price per MTCO<sub>2</sub>e associated with a suitable publicly available GHG Compliance Instrument index approved for such use by the Commission, or if no suitable publicly available index is available, a price per MTCO<sub>2</sub>e deemed appropriate for such use as determined and approved by the Commission. If no publicly available GHG Compliance Instrument index is available and the Commission has not established an alternative price to use for such purpose, the price per MTCO<sub>2</sub>e used for such shortfall calculation shall be the Tier 1 applicable to the next available price containment reserve auction ("Reserve Sales"), as established under the GHG Regulations. This calculation determines each Participant's MCCO and if such MCCO is greater than such Participant's current CCA balance, such Participant's All Resources Bill for such month will include an additional amount sufficient to bring its CCA balance up to its MCCO.

The Commission may establish, and from time to time revise, MTA balance and timing requirements which prescribe that Participants have GHG Compliance Instruments in their MTA sooner and or in greater quantity than

would otherwise be necessary to meet the surrender obligation schedule, as defined in the GHG Regulations.

NCPA will track and account for all funds and GHG Compliance Instruments provided to NCPA by each Participant in support of its compliance obligations. Funds and GHG Compliance Instruments may be combined into single categorical accounts for ease of administration, but in no circumstances will funds or GHG Compliance Instruments provided by one Participant be allocated or utilized to meet the compliance obligations of another Participant without advance written authorization of the affected Participants.

**Section 2. Allowance Transfers to NCPA's Compliance Account.**

Participants may unilaterally participate in CARB administered auctions (e.g. regularly scheduled quarterly auctions ("Quarterly Auction") and Reserve Sales) and or other means to obtain GHG Compliance Instruments and may want to transfer all or a portion of such GHG Compliance Instruments to NCPA to be used to meet up to 100% of a compliance obligation for a given compliance period. If such transfers include CARB Offset Credits, including CARB Sector-Based Offset Credits, Participants may not transfer and NCPA will not accept CARB Offset Credits in excess of 8.00% of a given Participant's compliance obligation for a particular actual or forecast compliance period. To transfer such GHG Compliance Instruments to NCPA, Participants shall appropriately notice



NCPA of such transfer and or provide a copy of the Participant's transfer request to the CARB Executive Officer or other applicable entity. Upon receipt of such notice, NCPA will prepare for the transfer of such GHG Compliance Instruments and separately track and account for such GHG Compliance Instruments received in each respective Participant's MTA at NCPA.

**Section 3. Procurement of GHG Compliance Instruments.** Participants acknowledge and understand the evolution, implementation and interpretation of GHG Regulations will be ongoing. The Commission will modify this section as needed to encompass procurement as CARB provides guidance and amends the GHG Regulations. For freely allocated Emissions Allowances that CARB provides to Participants in CY2012 and CY2013, Participants assume such Emissions Allowances cannot be used to meet all or any portion of the Participant's compliance obligation.

NCPA, in consultation with the Participants and subject to approval by the Commission, may utilize the services of consultants, brokers, agents or other qualified individuals or organizations ancillary to participating in CARB administered auctions, CARB Offset Credits procurement, or other markets for GHG Compliance Instruments, and/or other AB32 Compliance Activities, as warranted, to meet compliance.

NCPA will acquire and accept only GHG Compliance Instruments issued or approved by CARB to meet compliance obligations. NCPA will initially acquire GHG Compliance Instruments from four sources: (i) Emissions Allowances purchased through participation in CARB administered allowance auctions; (ii) Emissions Allowances purchased through participation in CARB administered Reserve Sales; (iii) GHG Compliance Instruments purchased by Participants that are then transferred to NCPA; and (iv) GHG Compliance Instruments purchased from sources other than CARB administered auctions.

The NCPA General Manager, or designee, will designate primary and alternate authorized account representatives, as necessary, to take actions in regard to NCPA's administration of GHG Compliance Instruments, CARB administered auctions, and other transactions and action related to attaining and maintaining compliance with the GHG Regulations.

NCPA will fulfill all reporting requirements applicable to NCPA, or provide assistance to fulfill any reporting requirements applicable to Participants, pursuant to the GHG Regulations.

NCPA's overall compliance objective under the GHG Regulations is to obtain requisite GHG Compliance Instruments at the lowest reasonably expected cost, balancing the risks of GHG Compliance Instrument price volatility and

availability and the need to meet the compliance obligation of each covered entity subject to the GHG Regulations.

To meet 100% of each covered entity's compliance obligation, NCPA will use best reasonable efforts to acquire the total needed quantity of GHG Compliance Instruments on or before November 1, 2014, and each year thereafter, based on forecast and actual operations subject to the following:

(1) To the extent that CARB Offset Credits, including CARB Sector-Based Offset Credits, are available at a lower cost than Emissions Allowances or other qualified GHG Compliance Instruments, NCPA will use best reasonable efforts to procure CARB Offset Credits sufficient to meet eight percent (8.00%) of the forecast compliance obligation. If, after the end of a calendar year, NCPA has CARB Offset Credits in excess of eight percent of the respective calendar year compliance obligation, such excess CARB Offset Credits will be applied to compliance obligations in subsequent years in proportion to the Participants' forecasted MTA Shortfall.

(2) If a day to day GHG Compliance Instrument market develops, NCPA will acquire, on a daily basis and as close in time as practicable to actual daily operations, GHG Compliance Instruments to meet any MTA Shortfall.

(3) By the fifth (5th) calendar day of the month immediately preceding each Quarterly Auction, NCPA will determine and publish to each

Participant its MTA Shortfall through the end of the calendar month two months prior to the Quarterly Auction.

(a) By the fifteenth (15th) calendar day of the month, NCPA will invoice each Participant of each covered entity, as applicable and in proportion to its MTA Shortfall, net of any applicable GHG Compliance Instruments successfully transferred to NCPA within seven (7) calendar days of the aforementioned publication date of the MTA Shortfall. Payments for said invoices shall be due within ten (10) calendar days of the invoice date to have sufficient procurement funds on hand to satisfy CARB's security requirements. In the next immediate Quarterly Auction, NCPA will bid quantities and prices expected to obtain sufficient Emissions Allowances to meet up to 100% of the so determined MTA Shortfall of all Participants, with a maximum price not to exceed 125% of the estimated value of Emissions Allowances as determined by NCPA staff.

(b) The allocation of any GHG Compliance Instruments attained by NCPA in such Auction, and the associated cost thereof, shall be in proportion to those Participants based on then

existing MTA Shortfalls. Any excess funds collected above will be credited back to the respective Participant's CCA balance after the applicable Auction.

(4) Thirty (30) days before each Reserve Sale in CY2014 and in each year thereafter, NCPA will determine, by covered entity and by Participant, the MTA Shortfall through all of the previous calendar years and invoice each Participant, as applicable and in proportion to its MTA Shortfall. Payments for said invoices shall be due within ten (10) calendar days of the invoice date to have sufficient procurement funds on hand to satisfy CARB's security requirements. The allocation of any GHG Compliance Instruments attained by NCPA in each Reserve Sale (as described in (4 a-c) below), and the associated cost thereof, shall be in proportion to the Participant's share of the MTA Shortfalls for each covered entity. For each Participant whose MTA Shortfall is then satisfied, any excess funds collected above will be refunded to the respective Participants after the applicable Reserve Sale.

(a) At the first Reserve Sale in each calendar year, NCPA will bid the applicable Tier 1 price for 33.3% of the so determined MTA Shortfall of all Participants.

(b) At the second Reserve Sale in each calendar year, NCPA will bid the applicable Tier 2 price for 66.7% of the so determined MTA Shortfall of all Participants.

(c) At the third and fourth Reserve Sale in each calendar year, NCPA will bid the applicable Tier 3 price for 100.0% of the so determined MTA Shortfall of all Participants.

(5) Pursuant to Pooling Schedule 13, Section 2, individual

Participants may acquire and transfer GHG Compliance Instruments to NCPA, if administratively feasible and as allowed by the GHG Regulations, to meet all or a portion of any then existing or forecast compliance obligation not already attained by NCPA on behalf of such Participant(s). Any transfers of Participant GHG Compliance Instruments eligible to be used for the first compliance period consisting of CY2013 and CY2014 to NCPA will first be applied to meet any of such Participant's unmet CY2013 compliance obligation, with any excess GHG Compliance Instruments applied to such Participant's unmet Compliance obligation during the next subsequent compliance year(s). To the extent one or more Participants transfer GHG Compliance Instruments to NCPA for such purposes, NCPA will allocate the GHG Compliance Instruments and associated costs thereof of any subsequent NCPA Compliance Instrument procurement for

CY2013 in proportion to those Participants on whose behalf such GHG Compliance Instruments are procured.

(6) NCPA shall track by covered entity and Participant, and regularly report, as allowed by the GHG Regulations, to Participants the then current and remaining forecast compliance obligations of the current calendar year together with quantities and prices associated with each NCPA Compliance Instrument transaction.

**Section 4. Surrender of GHG Compliance Instruments.** NCPA will surrender GHG Compliance Instruments in accordance with procedures specified in the GHG Regulations. NCPA will track any Participant's untimely provision or transfer of GHG Compliance Instruments to NCPA. In addition, NCPA will track and allocate to the responsible Participant(s) any identifiable costs, charges, fees, penalties, liabilities, and damages arising out of a Participant's activities related to complying with GHG Regulations for the services provided under the Agreement – including, but not limited to, a Participant's decisions, actions, or inactions to transfer GHG Compliance Instruments to NCPA, provide directions to NCPA, and or to pay cash - that results in NCPA not meeting regulatory requirements. Under no circumstances shall NCPA or any other Participant be liable for such costs attributable to the responsible Participant.