IMPERIAL IRRIGATION DISTRICT

OPERATING HEADQUARTERS * P.O. BOX 937 * IMPERIAL, CALIFORNIA 92251

September 1, 2010

IID Stakeholder:

On behalf of Imperial Irrigation District (IID), thank you for your participation in the Stakeholder process. This meeting was scheduled to provide an overview and answer questions regarding revisions and clarifications proposed to the IID's Open Access Transmission Tariff Generator Interconnection Procedures (GIP) and Generator Interconnection Agreement (GIA).

Attached for your information is an overview of the proposed modifications to the GIP and GIA. IID values the stakeholder process and welcomes your questions, comments and suggestions regarding the proposed changes to the GIP and GIA. Please submit any comments, suggestions and/or questions regarding the proposed amendment via email to jlasbury@iid.com by 5:00 p.m. on Friday, September 10, 2010.

Should you have any questions or require additional information, please contact IID's transmission and interconnection department at 760.482.3379.

Sincerely,

Jamie Asbury
Inter-Connect Transmission Contracts Developer
IMPERIAL IRRIGATION DISTRICT

OVERVIEW OF PROPOSED

TARIFF AMENDMENT NO. 6

TO

IMPERIAL IRRIGATION DISTRICT'S

OPEN ACCESS TRANSMISSION TARIFF

Generator Interconnection Procedures
Generator Interconnection Agreement

This document provides an overview of revisions made to IID's standard Generator Interconnection Procedures ("GIP") and Generator Interconnection Agreement ("GIA") contained in its Open Access Transmission Tariff ("Tariff" or "OATT"). Generally, the revisions are designed to clarify how IID processes interconnection requests and to improve that process for generation projects that are ready to move forward.

Several revisions are modeled on reforms made by other transmission providers which received approval of their tariff changes from the Federal Energy Regulatory Commission ("FERC"). In recent years, it has been a common practice of transmission providers, especially RTOs/ISOs, to reform their GIPs and GIAs with the aim of moving viable generation projects forward without delays caused by other less viable projects, which eventually drop out of their queues. When a generation project drops out of a transmission provider's queue, this typically triggers the need for a re-study which can delay other projects in the queue. It also impedes the efficient planning of upgrades to the transmission provider's system. Therefore, IID has adopted, in concept, some reforms made by the California Independent Transmission System Operator ("CAISO"), Southwest Power Pool ("SPP"), Midwest Independent System Operator ("Midwest ISO"), and New England Independent System Operator ("New England ISO"). IID also has adopted, in concept, some reforms developed by WestConnect or its utility members.

IID's five main goals are to: (1) clarify its interconnection process and explain how that process is implemented in practice; (2) expedite the interconnection process by, for example, lessening the number of projects that drop from its queue, thereby triggering the need for re-studies; (3) limit the added costs and disruptions that can occur to viable projects in IID's queue when other projects drop out of that queue; (4) improve transmission planning and clarify IID's cost allocation principles; and (5) maintain the safety and reliability of IID's transmission system in accordance with applicable reliability standards.

<u>Updates to GIP</u>

(1) Definitions were clarified or added for the following terms:

a. The definition of Balancing Authority was amended to be consistent with the definition used currently by the North American Electric Reliability Corporation ("NERC"). Also, a definition of Balancing Authority Area was added that is consistent with NERC's definition.

b. The definition of Base Case Data was clarified to mean the Western Electricity Coordinating Council ("WECC") base case power flow, short circuit, and stability data bases used for Interconnection Studies by the Transmission Provider.

c. The definitions of Business Day and Calendar Day were modified to reflect both Federal and State of California holidays.

d. A definition of Common Upgrades was added because, similar to the CAISO, IID has moved to a clustered approach to conducting Interconnection Studies. In IID's study process, some upgrades will be identified as common to a group of Interconnection Requests studied in a cluster and costs may be allocated to multiple Interconnection Customers in that group for such Common Upgrades.

e. The definition of Confidential Information was updated to require written notification after Confidential Information is conveyed orally or by inspection. This clarification will assist IID staff in readily indentifying Confidential Information for safekeeping.

f. The definition of Dispute Resolution was updated simply to include a missing period at the end of the sentence.

g. The definition of Distribution Upgrades was updated to refer explicitly to clustering and now includes the following language: "When Clustering is used to study a group of Interconnection Requests, Distribution Upgrades may include the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the group of Generating Facilities." Additionally, the following language was deleted from this definition in the GIP: "and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce." Transmission Service is governed by a different part of IID's OATT.

h. The definition of Force Majeure was clarified to include, but not be limited to, "a shortage of materials or equipment necessary for the construction of facilities beyond a Party's control."

i. The definition of Generating Facility was clarified to apply to the Interconnection Customer's device for the production of electricity to be sold for resale in the <u>wholesale</u> market. In the future, IID intends to separately develop any necessary interconnection procedures for distributed generation facilities of <u>retail</u> customers.

j. The definition of Generating Facility Capacity was clarified, consistent with Section 3.1 of the GIP, to make clear that the multiple energy production devices must be located at the same site to be considered part of the same Generating Facility.

k. The definition of Interconnection Facility was clarified to resolve a potential inconsistency with other language in Article 9.9 of the GIA related to use of such facilities by third parties. It now states that, subject

to Article 9.9 of the GIA, Interconnection Facilities "typically," but not necessarily always, are sole use facilities.

l. The definition of Interconnection Facilities Study was updated to refer explicitly to clustering and the following language was inserted: "or, when Clustering is used, a group of Generating Facilities."

m. The definition of Interconnection Facilities Study Agreement was updated to reflect a change in the numbering of the Appendices.

n. The definitions of Interconnection Feasibility Study and Interconnection Feasibility Study Agreement were removed. This change was modeled after SPP's tariff and a WestConnect proposal for purposes of streamlining and expediting the interconnection process. Particularly now that cluster studies are commonly used in the industry, including on IID's Transmission System, if one customer requests a feasibility study, but others do not, there are timing differences which impede IID's ability to perform clustered studies and move all requests forward expeditiously on the same track. Where needed, IID may, upon reasonable request, still voluntarily perform a feasibility study for a potential Interconnection Customer at the potential Interconnection Customer's expense. But, such a study would be performed BEFORE a formal Interconnection Request is submitted under the GIP and, hence, before the Interconnection Request enters IID's queue. That way, the potential Interconnection Customer could obtain additional information about the feasibility of its project without subjecting other projects in the queue to possible delays or otherwise skewing the timing of Interconnection Studies performed on a clustered basis.

o. The definition of Interconnection Request was updated to reflect IID's decision to remove the form for an Interconnection Request (including an accompanying data template) from IID's Tariff and instead to post it on IID's OASIS. For purposes of expediting the interconnection process, it is IID's goal to now obtain as much technological information about a proposed Generating Facility as IID reasonably can upfront when an Interconnection Request is first submitted, rather than waiting to receive the information from an Interconnection Customer when the study process begins later. Technological changes are occurring at a rapid pace in the electric industry. Therefore, IID decided to post the form and data template on its OASIS to provide IID staff with more flexibility to update the data template as changes in technology occur.

p. The definition of Interconnection Study was clarified to include the plural form of "Interconnection Studies" and any required re-studies.

q. The definition of Interconnection System Impact Study was updated to remove references to the Feasibility Study as discussed further above and to refer explicitly to clustering. Regarding clustering, the following underlined language was added: Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection <u>or, when Clustering is used, the group of proposed interconnections,</u> on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility <u>or, when Clustering is used, a group of Generating Facilities,</u> were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Generator Interconnection Procedures.

r. The definition of Interconnection System Impact Study Agreement was updated to reflect the revised numbering of the Appendices.

s. Some text in the definition of Loss regarding indemnification was removed. Indemnification is addressed instead in Section 9.0 of the Interconnection System Impact Study Agreement, Section 1.0 of the Interconnection Facilities Study Agreement, and Article 18 of the GIA. Consistent with California law, Article 18 of the GIA states that the "Parties shall indemnify each other in accordance with comparative fault principles under California law."

t. The definition of Material Modification was updated to reflect clustering and the following underlined language was added: "Material Modification shall mean those modifications that have a material impact on the cost or timing of any <u>other</u> Interconnection Request <u>studied in the same cluster</u> or with a later queue priority date."

u. The definition of NERC was updated to reflect the organization's name change.

v. The definition of Network Upgrade was updated to refer explicitly to clustering. Specifically, the following language was added: "When Clustering is used to study a group of Interconnection Requests, Network Upgrades may include the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the group of Generating Facilities to the Transmission Provider's Transmission System."

w. A definition of the term OASIS was added to describe the specific electronic system by which IID makes information available to customers.

x. The definitions of Optional Interconnection Study and Optional Interconnection Study Agreement were removed because, similar to the optional Feasibility Study described further above, this type of optional study does not work well in the context of clustering and skews the timing of the processing of Interconnection Requests as a group. This change was modeled, in concept, after the tariffs of SPP and the CAISO.

y. A definition of the term Party or Parties was added for clarity. This change was modeled, in concept, after the CAISO tariff and conforms to the definition of Party or Parties in IID's GIA.

z. A definition of Planning Authority, consistent with NERC's definition, was added to reflect the fact that IID is a Planning Authority and may rely upon data supplied by Interconnection Customers to fulfill its responsibilities as a Planning Authority.

aa. The definition of Site Control was clarified and an option was added to allow an Interconnection Customer to meet the Site Control requirement by reasonably demonstrating other forms of legal rights to possess or occupy a site that are acceptable to IID on a non-discriminatory basis. This change will give Interconnection Customers more flexibility, within reasonable bounds, to demonstrate Site Control based on facts that are specific to a particular project.

bb. The definition of Reasonable Efforts, as used in the GIP, was corrected to refer specifically to the GIP rather than to the GIA.

cc. A definition of Resource Planner, consistent with NERC's definition, was added to reflect the fact that IID is a Resource Planner and may rely upon data supplied by Interconnection Customers to fulfill its responsibilities as a Resource Planner.

dd. The definition of Stand Alone Network Upgrades was clarified to state "Transmission Provider, in its sole discretion, shall determine what constitutes Stand Alone Network Upgrades and, to the extent there are Stand Alone Network Upgrades, it shall identify them in Appendix A to the Standard Generator Interconnection Agreement." This change is intended to make clear that it is up to IID to determine, on a technical basis, what Network Upgrades an Interconnection Customer can construct without affecting day-to-day operations of IID's Transmission System.

ee. A definition of Start Date was added to identify when the Interconnection System Impact Study officially begins for the purpose of determining

when a portion of an Interconnection Customer's deposit becomes non-refundable. IID shall notify Interconnection Customers of this Start Date by posting it on IID's OASIS. This change was modeled, in part, after a WestConnect proposal, and is intended to keep Interconnection Customers well-informed.

ff. A definition was added for Technical Standards developed by IID for the safe and reliable interconnection and operation of a Generating Facility interconnected to its Transmission System. These Technical Standards shall be posted on IID's OASIS.

gg. A definition of Transmission Planner, consistent with NERC's definition, was added to reflect the fact that IID is a Transmission Planner and may rely upon data supplied by Interconnection Customers to fulfill its responsibilities as a Transmission Planner.

hh. The definition of Transmission Provider's Interconnection Facilities was clarified to resolve a potential inconsistency with other language in Article 9.9 of the GIA related to use of such facilities by third parties. It now states that, subject to Article 9.9 of the GIA, Interconnection Facilities "typically," but not necessarily always, are sole use facilities.

ii. A definition of WECC was added due to the use of that capitalized term in the GIP.

(2) The following universal changes were made throughout the GIP:

a. Several references to the calculation and payment of interest, including on deposits submitted by Interconnection Customers, were removed. These references were removed primarily because: (1) IID's accounting and financial procedures are not this granular; (2) IID does not hold a deposit paid by an Interconnection Customer for IID's own benefit, but instead uses it to pay consultants who perform technical studies; and (3) IID will no longer be returning the whole deposit to an Interconnection Customer which drops from the queue but instead, for the benefit of other Interconnection Customers remaining in the queue, IID will apply deposited funds to offset the costs of restudies triggered by a withdrawal from the queue.

b. For consistency, all deadlines of seven days or less were conformed to be calculated using Business Days and all deadlines of eight days or more were conformed to be calculated using Calendar Days.

c. For clarity, additional references to the confidentiality provisions in the GIP and required non-disclosure agreement(s) were inserted.

d. For clarity, the term "Reasonable Efforts" replaced the term "due diligence" in several places throughout the GIP. This revision was modeled after the tariffs of the CAISO and Salt River Project ("SRP"). Use of the phrase "Reasonable Efforts" provides greater clarity in the GIP because "Reasonable Efforts" is a defined term whereas "due diligence" is not a defined term.

e. All references to the initiation of Interconnection Service in the absence of an executed GIA were removed because IID is not a jurisdictional public utility that files unexecuted interconnection agreements at FERC.

f. To the extent that section numbers changed, cross-references to those section numbers also were changed accordingly.

(3) Other specific changes made to the GIP include the following:

a. Section 2.4, governing the release of WECC Base Case Data, was clarified to state that IID will provide such data at the requesting Interconnection Customer's expense and subject to proof of legal eligibility to receive the WECC Base Case Data, including any Critical Energy Infrastructure Information contained in such data, and to the execution of the requisite non-disclosure agreements.

b. Section 3.1 was updated to state that the Interconnection Request form will be posted on IID's OASIS along with the data template that must be submitted with each Interconnection Request. Section 3.1 also was updated to reference IID's Technical Standards and to state that the Interconnection Customer will select the Point of Interconnection to be studied subject to GIP Sections 4.4.1 and 7.2. Section 3.1 was further updated to provide for direct billing to an Interconnection Customer of time and expenses incurred by the Transmission Provider to respond to requests for information from such Interconnection Customer, after it submits an Interconnection Request, which are of a significant and non-routine or recurring nature. This change was modeled, in part, on the New England ISO tariff. IID is pleased to assist Interconnection Customers with their questions. It is IID's goal, however, to avoid delays by resolving questions BEFORE an Interconnection Request enters IID's queue. It also is IID's goal to ensure that other customers are not affected adversely by extraordinary demands placed on the time and resources of IID staff by an individual Interconnection Customer. When one Interconnection Customer asks for significant and non-routine information or otherwise submits recurring requests for information, this detracts the attention of IID staff away from other customers and the processing of their requests. Also, neither IID's retail ratepayers nor these other

customers should be expected to subsidize these types of significant and non-routine or recurring requests for information by an individual Interconnection Customer.

c. The requirements for initiating an Interconnection Request, set forth in Section 3.3.1, were revised to expedite the interconnection process and help ensure that a project is ready to move forward at the time it enters IID's queue (with the ultimate aim of lessening the number of projects that later drop out of the queue). To that end, IID will now require a potential customer to submit, with the initial Interconnection Request, technical data needed to conduct a System Impact Study. This will help ensure that a project is ready to proceed immediately to that study phase. It also will help IID staff begin the study process more quickly and hopefully avoid delays caused when most, but not all Interconnection Customers, in a cluster provide full and accurate data necessary for the study and IID staff must follow up with the few which did not supply all necessary data after the date for executing the study agreement has passed. Also, the deposit amount to initiate an Interconnection Request was increased to either: (i) $250,000 for a Generating Facility of 21 MW or more; or (ii) $150,000 for a Generating Facility of 20 MW or less. A portion of the deposit amount will now be nonrefundable if the Interconnection Request is later withdrawn. As further described in Section 3.3.2, if the withdrawal of the Interconnection Request triggers the need for a re-study, the nonrefundable portion of a deposit may now be used to offset the re-study costs traditionally borne by other Interconnection Customers which remain in the queue. This change was modeled, in concept, generally after the CAISO tariff. It is IID's goal to limit the disruption and added costs that otherwise would be borne by Interconnection Customers remaining in its queue when an Interconnection Request is withdrawn.

d. Minor clarifications were made to Section 3.3.5 to ensure that both the required deposit and the information necessary to constitute a valid Interconnection Request are provided to IID.

e. Section 3.3.6, which governs the Scoping Meeting, was clarified to state that the meeting can take place in person or via telephone and to state that IID will use "Reasonable Efforts" to schedule the meeting no later than 30 Calendar Days from receipt of the valid Interconnection Request unless another date is mutually agreed upon by IID and the Interconnection Customer. It also was clarified to state expressly that the two types of interconnection services offered by IID --(1) Energy Resource Interconnection Service and (2) Network Resource Interconnection Service -- will be discussed at the initial scoping meeting and to provide the Interconnection Customer with an opportunity to change the type of Interconnection Service it wants studied if the customer misunderstood the differences between these two types of services as well as to change the

point of interconnection based on IID's recommendations, without triggering provisions regarding Material Modifications or a loss of Queue Position.

f. Section 3.4 was updated to: (i) remove the reference to Optional Interconnection Study reports; (ii) reflect the fact that IID will post the Start Date for an Interconnection System Impact Study on its OASIS; and (iii) clarify that IID's obligation to post Interconnection Study Reports on the OASIS is limited by the confidentiality provisions of Section 13.1 of the GIP.

g. Section 3.5 was clarified to state that IID will use "Reasonable Efforts" to coordinate with Affected Systems and include results of Affected System studies in IID's own study process if received on a timely basis from an Affected System Operator, subject to any applicable confidential requirements.

h. Section 3.6, which governs withdrawal, was clarified to state that the Transmission Provider "may", but is not necessarily required to, eliminate an Interconnection Request from the queue until such time as an Interconnection Customer's Queue Position is restored based on the outcome of the dispute resolution process. This language was clarified because, depending on the facts, removal and then restoration of an Interconnection Request to the queue potentially may be more disruptive than simply leaving the Interconnection Request in the queue until such time as the dispute resolution process is complete. This Section also was clarified to state that before an Interconnection Customer's Queue Position is restored, it must pay monies owed to the Transmission Provider. In addition, language was added to this Section regarding the ability of the Transmission Provider to apply the refundable portion of the Interconnection Customer's deposit to amounts owed by the Interconnection Customer and the obligation of the Transmission Provider to refund to the Interconnection Customer the remainder of the refundable portion of the Interconnection Customer's deposit. Finally, clarifications were made to this Section regarding an Interconnection Customer's ability to retain or obtain Interconnection Study data in circumstances where its Interconnection Request is withdrawn.

i. For clarity, the title of Section 4 was changed to "Queue Position, Clustering, and Cost Allocation." Additionally, the titles of Sections 4.1 and 4.2 were changed from "General" to "Queue Position" and from "Clustering" to "Clustering and Cost Allocation" respectively. These changes more clearly identify the specific topics addressed.

j. Section 4.2.1 was revised to state that the Transmission Provider will post a notice on its OASIS of the fixed time period for each Queue Cluster

Window (in lieu of the more rigid 180 Calendar Day period currently set forth in the existing language of this Section). This Section also was revised to state that the Transmission Provider may change a Queue Cluster Window interval where warranted by Good Utility Practice; provided that the Transmission Provider posts a notice of the change on its OASIS at least 30 Calendar Days in advance of the change. This greater level of flexibility is intended to enable IID staff to better manage the volume of requests that are studied in a single cluster. Also, a specific reference to the applicable "regional" transmission expansion plan was removed and instead this Section now simply refers to the applicable transmission expansion plan because clustering may be done by IID not only to efficiently implement a "regional" expansion plan, but also to efficiently implement a subregional or local expansion plan.

k. To give Interconnection Customers a better understanding of the cost allocation principles used by IID, the following language was added to Section 4.2.2: "When an Interconnection Customer's Interconnection Request is studied serially, Transmission Provider may allocate the estimated costs of Network Upgrades and Distribution Upgrades, identified in an Interconnection Study, solely to that Interconnection Customer. When the Interconnection Requests of multiple Interconnection Customers are studied in a cluster, Transmission Provider may allocate the estimated costs of Network Upgrades and Distribution Upgrades, identified in an Interconnection Study, among those Interconnection Customers, without regard to Queue Position. This allocation of costs among multiple Interconnection Customers shall be based upon: (a) the short circuit duty contribution of each proposed new Generating Facility (or, where applicable, the proposed increase in the capacity of, or Material Modification to, the operating characteristics of, an existing Generating Facility); (b) the maximum megawatt electrical output of each proposed new Generating Facility (or, where applicable, the proposed increase in the capacity of, or Material Modification to, the operating characteristics of, an existing Generating Facility); and/or (3) any other reasonable criteria that, in Transmission Provider's sole judgment, equitably assigns costs to one or more Interconnection Customers whose Interconnection Requests cause the need for a particular Network Upgrade and/or Distribution Upgrade." The CAISO uses some similar cost allocation principles when studying Interconnection Requests in a cluster.

l. Language was added to Section 4.2.3 to clarify how IID treats upgrades that are included in an expansion plan for possible construction in the future. Subparts (a) and (b) of this Section were revised to state:

(a) If Transmission Provider has not yet financed the Network Upgrade and/or Distribution Upgrade pursuant to a work authorization approved by its Board of Directors for purposes of reliably serving Transmission

Provider's retail customers, Transmission Provider may allocate the estimated costs of such Network Upgrade and/or Distribution Upgrade to the Interconnection Customer or, when Clustering is used, to the group of Interconnection Customers.

(b) Subject to the limited exception in Section 12.2.3 for the acceleration of Network Upgrades that are part of an expansion plan, if the Transmission Provider has financed a Network Upgrade and/or Distribution Upgrade pursuant to a work authorization approved by its Board of Directors for purposes of reliably serving Transmission Provider's retail customers, then Transmission Provider shall not allocate the estimated costs of such Network Upgrade and/or Distribution Upgrade to Interconnection Customer or, when Clustering is used, to the group of Interconnection Customers; provided, however, that if the Interconnection Customer's Interconnection Request or, when Clustering is used, the group of Interconnection Customers' Interconnection Requests, causes a need for a modification or enlargement of a Network Upgrade and/or Distribution Upgrade that has been approved by Transmission Provider's Board of Directors and financed by Transmission Provider for purposes of reliably serving its retail customers, Transmission Provider may allocate to Interconnection Customer or, when Clustering is used, the group of Interconnection Customers, the estimated incremental costs associated with such modification or enlargement.

m. Section 4.3 was updated to require written notice to IID when an Interconnection Customer transfers its Queue Position and to clarify that the transferee must assume all obligations of the original Interconnection Customer under IID's GIP.

n. Section 4.4, governing modifications to Interconnection Requests, was broken up into multiple Sections and several revisions were made to improve the clarity of these provisions. Among other things, language was added to Section 4.4.2, to prevent gaming of the deposit requirements and to ensure that an Interconnection Customer pays the correct deposit amount based on the size of its Generating Facility if that size is later increased after the Interconnection Request is submitted. This language provides that if the Interconnection Customer paid a deposit of $150,000 for a Generating Facility of 20 MW or less and any of the modifications increase the output of the Generating Facility to 21 MW or more, the Interconnection Customer must pay an additional $100,000 deposit to bring its deposit up to a total of $250,000 in accordance with Section 3.3.1 (b) (i) before any such modifications will be accepted by Transmission Provider. Also, to provide IID and Interconnection Customers with greater flexibility to keep generation projects moving forward expeditiously in a cluster, some existing language automatically requiring an increase in the size of a Generating Facility to go to the back of the queue (and thereby be studied separately on a later track) was modified to

provide instead that Transmission Provider may, but is not necessarily required to, move the incremental increase in the size of the Generating facility to the end of the queue.

o. Language was added to Section 4.4.3 to make clear that modifications to a Generating Facility's technical parameters, including changes to the Generating Facility's technology and transformer impedances, will not be considered Material Modifications provided those changes are submitted prior to the return of the executed Interconnection Facilities Study Agreement and "do not increase the electrical output (MW) of the Generating Facility." Also, some existing language was clarified to state that the costs of any re-Studies and any incremental increase in the costs of any Distribution Upgrades or Network Upgrades associated with these modifications are the responsibility of the requesting Interconnection Customer.

p. Language was added to Section 4.4.4 to clarify the process for evaluating, at an Interconnection Customer's request and expense, whether a modification proposed by an Interconnection Customer constitutes a Material Modification, which would require the submission of a new Interconnection Request.

q. Consistent with a comparable change to Article 5.16 of IID's GIA, Section 4.4.6 of the GIP was updated to state that extensions of less than 18 cumulative months in the Commercial Operation Date of a Generating Facility will not be considered material and instead may be handled through construction sequencing. This change from what used to be 3 years to now 18 months was modeled after the SPP GIA. It is intended to provide greater certainty in transmission planning, particularly now that Interconnection Requests are studied in clusters and Common Upgrades may need to be constructed to accommodate the Interconnection Requests of multiple Interconnection Customers.

r. Section 5.1.1.3 was clarified to state that if a generation interconnection agreement has been executed before the Transmission Provider adopted the GIP into its Tariff, then, unless otherwise required by law, the generation interconnection agreement would be grandfathered until it expires or terminates in accordance with its terms.

s. For reasons explained previously, Section 5.2 was clarified to remove the interest provision and language regarding the filing of an unexecuted GIA at FERC.

t. Sections 6 and 10, regarding the Feasibility Study and Optional Interconnection Study were removed. These modifications were modeled, in part, after the SPP tariff and the CAISO tariff, as well as a WestConnect

proposal. As explained previously, particularly now that cluster studies are commonly used in the industry, including on IID's Transmission System, if one customer requests these types of extra studies, but others do not, there are timing differences which impede IID's ability to perform clustered studies and move all requests forward expeditiously on the same track.

u. Section 7.1 was updated to require IID to provide the Interconnection Customer with an Interconnection System Impact Study Agreement in the form of renumbered Appendix 1 to the GIP, and a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study. It also was updated to clarify that the Interconnection Customer shall compensate IID for the actual cost of the Interconnection System Impact Study, including for administrative costs. This clarification regarding administrative costs was modeled after the ISO New England's Tariff. Language regarding the payment of an additional $50,000 deposit was removed because IID will now be requiring a deposit upfront when an Interconnection Request is first submitted and applying funds on hand from that deposit to perform the Interconnection System Impact Study. In addition, language in this Section regarding a Feasibility Study was deleted.

v. Section 7.2 was updated and some language was removed to reflect the fact that IID intends to now obtain technical data earlier in the process from Interconnection Customers at the time they first submit their Interconnection Requests, with the aim of ensuring a project is ready to move forward at the time it enters the queue and to help IID staff start the study process expeditiously. It is IID's goal to prevent delays that can occur when all Interconnection Customers in a cluster do not provide all technical data needed to commence an Interconnection System Impact Study at the time when study agreements are executed. Also, some language relating to a Feasibility Study was removed.

w. Section 7.3, which governs the Scope of the Interconnection System Impact Study, was updated to reflect clustering and to clarify that IID will provide a study report to Interconnection Customers, subject to the confidentiality provisions of Section 13.1.

x. Section 7.4 was updated to require that IID use "Reasonable Efforts" to coordinate with Affected System Operators and to reflect clustering. This Section includes a general timeline of 90 Calendar Days from the scoping meeting for the performance of an Interconnection System Impact Study when a single Interconnection Request is studied serially and a general timeline of 120 Calendar Days from the final scoping meeting for the performance of an Interconnection System Impact Study when multiple Interconnection Requests are studied in a cluster. While the 120-day

period is somewhat longer than the 90-day period, clustering is still more efficient because it enables a much larger volume of Interconnection Requests to move forward simultaneously. Notably, IID's 120-day timeline for a clustered study is substantially shorter than the comparable timeline in the CAISO's tariff. The CAISO's LGIP for clusters provides that the CAISO shall use reasonable efforts to complete and publish its Phase I Interconnection Study report within 240 days after the close of its Queue Cluster Window and approximately 180 days after the final scoping meeting. Section 7.4 of IID's GIP also was clarified to state that, upon request following the Interconnection Customer's receipt of the Study report and at the Interconnection Customer's expense, IID will use Reasonable Efforts to provide the Interconnection Customer with underlying data used to perform the Interconnection System Impact Study, subject to the confidentiality provisions of Section 13.1.

y. Section 7.5 was updated to state that IID will use Reasonable Efforts to schedule a meeting with Interconnection Customer to discuss the results of the Interconnection System Impact Study within 15 Calendar Days of providing an Interconnection System Impact Study report to the Interconnection Customer, unless another date is mutually agreed upon. To minimize delays arising from travel schedules, this Section was further clarified to state that results meeting can take place either in person or by phone for convenience of the Interconnection Customer and Transmission Provider.

z. Section 7.6., relating to a re-study of an Interconnection System Impact Study, was broken down into two subparts. Language moved to Section 7.6.1 was updated to reflect clustering. It is intended to clarify that a re-study may be required due to a withdrawal of another project in the cluster (including, but not necessarily limited to, a higher-queued project). In addition, new language was inserted in Section 7.6.2 describing how the costs of a re-study will be funded, including by applying the non-refundable portion of the deposit paid previously by the Interconnection Customer whose Interconnection Request is withdrawn from the queue. This change is intended to minimize the disruption and cost burdens that otherwise would be borne by Interconnection Customers whose projects remain in the queue and are ready to move forward.

aa. Section 8.1 was streamlined to require IID to provide a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study at the same time it tenders the Interconnection Facilities Study Agreement, rather than doing this later as a separate, additional step in the process. This Section also was clarified to state that the Interconnection Customer shall compensate IID for the actual cost of the Interconnection System Impact Study, including for administrative costs. This clarification regarding administrative costs was

modeled after the ISO New England's Tariff. Language regarding the payment of an additional $70,000 deposit was removed because IID will now be requiring a deposit upfront when an Interconnection Request is first submitted and applying funds on hand from that deposit to perform the Interconnection Facilities Study. In addition, language was added to state that to the extent the Interconnection Customer previously requested a Study of both Energy Resource Interconnection Service and Network Resource Interconnection Service, its final election to proceed with either Energy Resource Interconnection Service or Network Resource Interconnection Service (but not both) must be submitted to IID.

bb. Section 8.2, which governs the scope of the Interconnection Facilities Study, was updated to reflect clustering.

cc. Section 8.3 was updated to require that IID use "Reasonable Efforts" to coordinate with Affected System Operators and to reflect clustering. This Section includes a general timeline of 90 Calendar Days following the receipt of an executed Interconnection Facilities Study Agreement to perform the Interconnection Facilities Study and issue a draft report when a single Interconnection Request is studied serially and a general timeline of 150 Calendar Days following the receipt of all executed Interconnection Facilities Study Agreements to perform the Interconnection Facilities Study and issue a draft report when multiple Interconnection Requests are studied in a cluster. In contrast to IID's 150-day timeline for a clustered Interconnection Facilities Study, the CAISO's LGIP for clusters provides that the CAISO shall use reasonable efforts to complete and publish its Phase II Interconnection Study report within 330 days from January 1 of each calendar year. In Section 8.3 of IID's GIP, the process for submitting comments on the Interconnection Facilities Study report was clarified and this Section also was clarified to state that upon request following the Interconnection Customer's receipt of the Study report and at the Interconnection Customer's expense, IID will use Reasonable Efforts to provide the Interconnection Customer with underlying data used to perform the Study, subject to the confidentiality provisions of Section 13.1. In addition, the +/- cost estimate language previously included in this Section was removed. While IID provides estimates in good faith, those estimates are non-binding. Also, actual costs, not estimated costs, are charged in IID's GIA. The provision regarding +/- cost estimate therefore created ambiguity, and it is not necessary because, under the GIA, actual costs may vary from the estimate and an Interconnection Customer pays actual costs.

dd. Section 8.4 was updated to provide that IID will use Reasonable Efforts to schedule a meeting with Interconnection Customer to discuss the results of the Interconnection Facilities Study within 15 Calendar Days of providing the draft Interconnection Facilities Study report to Interconnection

Customer, unless another date is mutually agreed upon. Also, to minimize delays, this Section was further clarified to state that results meeting can take place either in person or by phone for convenience of the Interconnection Customer and Transmission Provider.

ee. Section 8.5, relating to a re-study of the Interconnection Facilities Study, was broken down into two subparts. The new Sections 8.5.1 and 8.5.2 were conformed to similar provisions in Sections 7.6.1 and 7.6.2. Again, IID intends to use the non-refundable portion of the deposit paid previously by the Interconnection Customer whose Interconnection Request is withdrawn from the queue to help defray the costs of a re-study. This change is designed to minimize the disruption and cost burdens that otherwise would be borne by Interconnection Customers whose projects remain in the queue and are ready to move forward.

ff. Section 9, regarding engineering and procurement for long-lead items, was updated to reflect clustering and address Common Upgrades needed to serve multiple Interconnection Customers. It also was broken up into subsections for clarity.

gg. Section 10 is now reserved because the provisions governing optional interconnection studies were deleted.

hh. Sections 11 through 11.4, relating to the negotiation and execution of a GIA, were clarified to reflect clustering, describe in more detail the process that will be followed to ensure the final Interconnection Facilities Study report is acceptable to Interconnection Customers, address withdrawals from the queue following the issuance of that Study Report, and ensure that a generator has arranged for a supply of cooling water to the Generating Facility at the time it executes the GIA. Other ministerial changes also were made to some of these Sections, such as updating to reflect the renumbering of the Appendices to the GIP and removing language regarding the filing of an unexecuted GIA because IID is not a jurisdictional public utility which files unexecuted agreements at FERC.

ii. Section 12.1 was clarified to include Distribution Upgrades.

jj. In Sections 12.2.2 and 12.2.3, regarding the advance construction of Network Upgrades, clarifications were made to some language addressing the payment of costs for the construction of Network Upgrades and the receipt of transmission rate credits. To the extent than an Interconnection Customer's request requires the acceleration of a Network Upgrade that is part of a plan by IID to expand its system at some point in the future, but that Network Upgrade has not yet been financed pursuant to a work authorization approved by its Board of Directors for purposes of reliably serving IID's retail customers in the future, the Interconnection Customer

must pay for the costs of constructing that Network Upgrade and, in return, shall receive transmission rate credits from IID (which are assignable to other entities).

kk. Section 12.2.4 was updated to reflect clustering and to clarify that if an amendment is needed to previously-performed Interconnection Studies to accommodate the Interconnection Customer's request to advance the construction of Network Upgrades for purposes of meeting its In-Service date, such Interconnection Customer shall pay the costs incurred to amend the Studies.

ll. Sections 13.1 through 13.1.10, regarding the confidentiality of information, were clarified to more readily identify what information constitutes "Confidential Information" and set forth a series of more detailed steps to be followed when a request is made by an Interconnection Customer for WECC, CEII and Other Customers' Confidential Information. Some existing text was moved and some new text was added. IID has received requests for data from some customers, which, if provided in the form requested, may reveal Other Customers' Confidential Information. Therefore, IID has described in detail, in these revised Sections, the process IID will follow when receiving such requests, including seeking the consent of other customers to release their information and, where consent is not given, offering to provide the requesting Interconnection Customer, at its expense, data in an alternative form which is aggregated or coded to protect Other Customers' Confidential Information from disclosure.

mm. Minor clarifications were made to Section 13.2 relating to confidentiality and liability, consistent with other changes made to the GIP and GIA.

nn. Section 13.3, regarding the Interconnection Customer's obligation to pay for study costs, was clarified to reflect that the Interconnection Customer is responsible for IID's administrative costs. Again, this clarification was modeled after the ISO New England Tariff. Section 13.3 also was clarified to state that IID shall not be obligated to tender or execute a GIA unless the Interconnection Customer has paid the study costs owed to IID.

oo. Section 13.4 was updated to reflect clustering. For example, it now states that the consent of other Interconnection Customers being studied in the same cluster is necessary when one customer requests that the Transmission Provider utilize a third party consultant to complete an Interconnection Study.

pp. Sections 13.5 through 13.5.3, regarding dispute resolution, were clarified to provide more details on the dispute resolution process. Also, a new Section 13.5 was added to address the changes, if any that may become

necessary to implement the ultimate decision reached in the dispute resolution process.

qq. Appendix 1 to the GIP, which is the form for an Interconnection Request, was removed because it will now posted on IID's OASIS, with the aim of updating it more frequently as needed to reflect changes in technology.

rr. Appendix 2 to the GIP, which is the Interconnection Feasibility Study Agreement, was removed to correspond to the removal of the GIP provisions regarding feasibility studies.

ss. Appendix 3 to the GIP, which is the Interconnection System Impact Study Agreement, was renumbered as Appendix 1. In addition, it was updated and clarified to be consistent with changes made in the body of the GIP. For example, it was updated to reflect clustering, remove the old deposit amount, and add references to the Transmission Provider's administrative costs and the confidentiality provisions in Section 13.1. Basic contract clauses also were added, such as clauses describing how California law applies and the venue for disputes. In addition, Attachment A to the Interconnection System Impact Study was deleted because the technical information contained therein will be addressed in the Data Template that must be submitted with each Interconnection Request for purposes of ensuring a project is ready to proceed when it enters IID's queue and enabling IID's staff to get a better jump-start on the Interconnection System Impact Study process by obtaining such data from an Interconnection Customers at the time an Interconnection Request is first submitted.

tt. Appendix 4, which is the Interconnection Facilities Study Agreement, was renumbered as Appendix 2. Like the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement also was updated and clarified to be consistent with changes made in the body of the GIP. As a result, Attachment A to the Interconnection Facilities Study Agreement was deleted and Attachment B was renumbered as Attachment A. Also, basic contract clauses were added to this Agreement too.

<u>UPDATES TO GIA</u>

(1) Definitions in the GIA were revised consistently with revisions to the definitions in the GIP, described above. In addition, the following changes were made to Article 1 of the GIA containing definitions:

a. A definition of Affected System Upgrade was added to distinguish upgrades to an Affected System from upgrades to IID's Transmission System.

b. The term "Applicable Balancing Authority" was defined for clarity because this term is referenced in the GIA.

c. A definition of Balancing Authority Area Service was added because IID, in its role as a Balancing Authority, may provide a Balancing Authority Service to a Generation Interconnection Customer, which places its Generating Facility in IID's Balancing Authority Area, for purposes of maintaining reliability and/or complying with Applicable Reliability Standards. For example, it is possible that IID may be required to supply Contingency Reserves not just for IID's own load, but also for generators in IID's Balancing Authority Area, under a WECC reliability standard.

d. The definition of Clustering in the GIA was clarified to make clear that Clustering is not limited only to the System Impact Study phase and may apply to the Facilities Study phase as well. A similar change was made and approved previously by IID's Board of Directors to the definition of Clustering in IID's GIP. Thus, this corresponding change to the GIA is now being put in place for consistency.

e. A definition of Dynamic Transfer was added to facilitate the use of Dynamic Transfers to other Balancing Authority Areas, including other Balancing Authority Areas in which the load served by an Interconnection Customer's Generating Facility is located.

f. The definition of Emergency Conditions was clarified to state: "<u>unless otherwise required by Applicable Laws and Regulations or Applicable Reliability Standards</u>, Interconnection Customer is not obligated by the Standard Generator Interconnection Agreement to possess black start capability." Similar clarifications were made to Articles 5.4 and 9.6.1 of the GIA with respect to the applicability of power system stabilizers and power factor design criteria to wind generators.

g. A definition of Generation Imbalance Service was added because IID may provide Generation Imbalance Service to a Generation Interconnection Customer. This definition, which is modeled upon language in FERC Order No. 890, describes Generation Imbalance Service as a service that is provided when a difference occurs between the output of a Generating Facility located in Transmission Provider's Balancing Authority Area and a delivery schedule from that Generating Facility to (1) another Balancing Authority Area or (2) a load within Transmission Provider's Balancing Authority Area over a single hour.

h. The definition of Joint Operating Committee was deleted to conform to IID's practice of communicating more frequently and less formally with an

Interconnection Customer whenever operational needs arise. Article 13.2 similarly was updated to remove a reference to the Joint Operating Committee

i. The definition of Small Generating Facility was deleted because this term is not used in IID's GIA.

(2) A series of revisions were made to the GIA to conform to other revisions made to the GIP, described above. For example, references to the feasibility and optional interconnection studies were removed, the phrase "Best Efforts" was inserted, the dispute resolution and confidentiality provisions were clarified in more detail, deadlines of seven days or less were conformed to be calculated using Business Days and deadlines of eight days or more were conformed to be calculated using Calendar Days, and references to IID's Technical Standards were added. In addition, references to Applicable Reliability Standards, Applicable Reliability Council Requirements, Applicable Laws and Regulations and/or Good Utility Practice were inserted in several places.

(3) Additional revisions to IID's GIA include for example:

a. Provisions in Article 2, pertaining to the term of the Generator Interconnection Agreement and termination, were updated to require the Interconnection Customer to honor the term of its Generator Interconnection Agreement with IID in the absence of a Default by IID. In addition, language was added to clarify the billing and payment process upon termination, including IID's right to apply an Interconnection Customer's deposit to amounts owed to IID and IID's obligation to refund the remaining portion of the deposit to the Interconnection Customer. Some clarifications were made to describe IID's right to disconnect Interconnection Facilities from its Transmission System upon termination, and to bill the Interconnection Customer for the costs of disconnection unless termination resulted solely from IID's Default. A clarification also was made to the provision regarding "Survival" following termination to permit each Party to have access to the lands of the other Party pursuant to the GIA "where necessary" to disconnect, remove or salvage its own facilities and equipment.

b. Consistent with the GIP and definitions in the GIA, language was added to Article 4, pertaining to the two types of interconnection service offered by IID, to clarify that interconnection service does not convey any right to deliver electricity to any specific customer or Point of Delivery. For consistency, language also was added to this Article to clarify that the Interconnection Customer must pay IID to construct facilities needed to accommodate its Interconnection Request and for the Interconnection Service provided by IID. To avoid ambiguity, a reference to interconnection service provided in an ISO or RTO market was removed because IID is not a participating transmission owner in a RTO or ISO market. Also, a provision regarding "Interconnection Customer Provided Service" was clarified to state that this service is provided at IID's request.

Moreover, a new subpart was added to Article 4 to address Generation Imbalance Service and Balancing Authority Area Service provided by IID. Specifically, Article 4.5 was added to state:

"Transmission Provider shall provide and Interconnection Customer shall pay for Generation Imbalance Service and, where Transmission Provider serves as the Applicable Balancing Authority for the Generating Facility, any other Balancing Authority Area Service required under Applicable Reliability Standards in accordance with the service schedules posted on Transmission Provider's OASIS. At least thirty (30) Calendar Days in advance of the commencement of the testing of Interconnection Customer's Generating Facility pursuant to Article 6.1 of this GIA, Interconnection Customer shall provide to Transmission Provider a deposit of $ 1000/MW as security for the payment of Generation Imbalance Service and Balancing Authority Area Service charges. If Interconnection Customer fails to pay an invoice from Transmission Provider, either in part or in whole, for Generation Imbalance Service or Balancing Authority Area Service, Transmission Provider shall have the unconditional right to apply this deposit to any amounts due to Transmission Provider.

If Interconnection Customer's Generating Facility serves load in the Balancing Authority Area of a Balancing Authority other than Transmission Provider, at the request of Transmission Provider, Interconnection Customer shall work diligently and in good faith to implement a dynamic transfer to that other Balancing Authority Area pursuant to terms and conditions which are acceptable to Transmission Provider."

c. Article 5 was revised to clarify the process and the roles of IID and the Interconnection Customer with respect to the selection of In-Service, Initial Synchronization, and Commercial Operation Dates as well as the Milestones for the design, procurement and construction of Interconnection Facilities and Network Upgrades. An optional liquidated damages provision was removed, but the Interconnection Customer's option to build was retained.

The liquidated damages provision was removed primarily because this particular provision, derived originally from FERC's *pro forma* OATT for jurisdictional, investor-owned utilities, does not fit well in the circumstance where the Transmission Provider is a not-for-profit, governmental entity, clustering is used and the referenced percentage of the costs of Transmission Provider's Interconnection Facilities and Network Upgrades may substantially exceed an Interconnection Customer's actual damages from a project delay. A corresponding deletion also was made Article 20.1.

With respect to the Interconnection Customer's option to build, some clarifying language was added to ensure that equipment and subcontractors meet IID's standards and there is onsite supervision of the construction by an inspector on behalf of IID. A corresponding change also was made to Article 26.1. In addition, minor clarifications were made to language in Article 5 regarding:

- the process for an Interconnection Customer to authorize IID to proceed with procurement and construction and the obligation to pay for such procurement and construction;

- the transfer to IID of ownership of Transmission Provider's Interconnection Facilities and/or Stand Alone Network Upgrades in the situation where such facilities are constructed by the Interconnection Customer;

- the provision of access rights to enable a Party to "reasonably" obtain ingress and egress to facilities and equipment; and

- the Interconnection Customer's responsibility to indemnify the Transmission Provider for the cost consequences of a tax liability arising out of the Interconnection Service.

Other remaining revisions to Article 5 of the GIA relate to: (i) early construction of base case facilities; (ii) suspension; and (iii) facility modifications. With respect to early construction, clarifying language was added to describe IID's practice when a facility is needed quickly to accommodate an Interconnection Request and that facility is part of an expansion plan to potentially be constructed to reliably serve IID's retail customers at some later date in the future. Specifically, Article 5.15 was revised to now state:

"In accordance with Section 12.2.3 of Transmission Provider's GIP, Interconnection Customer also may request, at its expense, that Transmission Provider advance the construction of all or any portion of any Network Upgrades that are part of an expansion plan of Transmission Provider but would not otherwise be completed in time to support the Interconnection Customer's In-Service Date. Provided that Interconnection Customer pays the costs for constructing such Network Upgrades, Transmission Provider shall use Reasonable Efforts to construct those Network Upgrades in accordance with Interconnection Customer's In-Service Date. Interconnection Customer shall be entitled to transmission rate credits for costs paid by Interconnection Customer to Transmission Provider for the construction of the Network Upgrades in accordance with Article 11.5 of this GIA."

With respect to the Interconnection Customer's privilege to suspend construction work by IID following its execution of the GIA, Article 5.16 was amended to limit the suspension period to eighteen months and require that the Milestones in Appendix B be updated prior to the resumption of work by IID. This change was modeled, in part, after SPP's tariff. Limiting the time period of an Interconnection Customer's suspension is necessary to create more certainty in the transmission planning process.

Moreover, to protect other customers from harm, IID determined that it was necessary to exclude from this suspension: (i) Common Upgrades; and (ii) any other Network Upgrades when the suspension of those particular Network

Upgrades would have an adverse impact on the cost or timing of another Interconnection Customer's Interconnection Request with an equal or later Queue Position. Particularly now that a cluster study process is commonly used, the antiquated suspension language previously used by IID and other transmission providers in the industry, which enabled an Interconnection Customer to immediately suspend its obligations under the GIA after execution and thereby avoid or substantially delay its financial contributions to the costs of upgrades for several years, simply will no longer work in practice. Based on the results of clustered studies, Common Upgrades are designed to serve multiple Interconnection Customers in a cluster and the costs of Common Upgrades are shared among those Interconnection Customers. In this type of scenario, not only IID, but also the multiple Interconnection Customers in a cluster, are dependent on the financial contributions of each other to get a Common Upgrade built in a timely fashion. It is therefore critical that each Interconnection Customer in the cluster, which executes a GIA, be ready to proceed and fulfill its responsibility to contribute its share of the costs of Common Upgrades. Similar to what IID proposes here, the suspension provision in CAISO's LGIA for Interconnection Customers in a cluster excludes Network Upgrades which are common to multiple Generating Facilities.

Finally, with respect to facility modifications, Article 5 was clarified to include a more detailed description of the process to be followed when an Interconnection Customer proposes a facility modification. This process is similar to the process set forth in Section 4 of IID's GIP. A corresponding clarification also was made to Article 24.3 of the GIA.

d. Minor clarifications were made to Article 6 with respect to inspection and testing "relating to the Generating Facility, Interconnection Facilities, and Interconnection Service provided under this GIA" which is "necessary" in accordance with Good Utility Practice.

e. A minor clarification was made to the payment requirement in Article 7, relating to metering, to address the situation where an inaccuracy or defect in metering is due solely to the Transmission Provider's failure to maintain the metering equipment.

f. Clarifying language was added to Article 9, pertaining to operational instructions provided by the Transmission Provider, to make clear that:

(i) the Interconnection Customer must follow the operating instructions; and (ii) the Interconnection Customer is responsible for the cost of operating the Transmission Provider's Interconnection Facilities in accordance with Article 10.5 of the GIA. Also, language regarding "third party users" of Transmission Provider's Interconnection Facilities was clarified. For example, a definition of "third party users" was added and a new provision was included to make clear that IID's obligation to compensate the Interconnection Customer for another

customer's use of the Transmission Provider's Interconnection Facilities is contingent upon that other customer's payment to IID.

g. Article 10, pertaining to maintenance, was clarified to state: (i) "Absent an Emergency Condition, each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers"; and (ii) "Interconnection Customer shall be responsible for all reasonable expenses, including, but not necessarily limited to, overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities."

h. The security provisions, in Article 11, were clarified in several places and updated to reflect IID's current practice of using a letter or credit or cash. To help protect the other customers in a cluster from harm in the event an Interconnection Customer breaches its GIA, the security provisions also were updated to require security, in an amount equivalent to the Interconnection Customer's share of the estimated costs of any Common Network Upgrades identified in Appendix A to the GIA, no later than 30 Calendar Days after execution of the GIA.

   The provisions regarding transmission rate credits, in Article 11, were amended to enable an Interconnection Customer to assign its rights to transmission rate credits to another entity and now use those credits at any location on IID's transmission system where there is available transmission capacity. This provides more flexibility for Interconnection Customers. In addition, the transmission rate credit provisions were clarified to, among other things, reflect IID's non-jurisdictional status under the ratemaking provisions of Sections 205 and 206 of the Federal Power Act and to make clear that an Interconnection Customer is responsible for entering into a separate agreement with any Affected System Operator that provides for the financing of any necessary Affected System Upgrades and repayment. IID will provide transmission rate credits only for funds paid to IID to finance Network Upgrades to IID's own Transmission System, not for upgrades to another Affected System.

i. The invoice provisions, in Article 12, were clarified with respect to, among other things, the payment of actual costs by the Interconnection Customer and the refund of amounts paid in excess of actual costs by the Transmission Provider. Language was added to make clear that: "In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this GIA as long as Interconnection Customer is not otherwise in breach of its obligations under this GIA and the Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute."

j. Article 14 was updated primarily to make the GIA consistent with California state law and include a venue provision setting forth in more detail the location of courts in Imperial County and San Diego County.

k. New language was added to Article 17, pertaining to Defaults, to clarify that:

"The Parties shall use Reasonable Efforts to mitigate the amounts due and damages resulting from a Default; provided, however, that in the event of a Default by Interconnection Customer, Transmission Provider shall have the unconditional right to liquidate the security provided by Interconnection Customer pursuant to Article 11.4 and use the proceeds to pay for: (a) construction of Common Upgrades indentified in Appendix A to this GIA; (b) construction of any other Network Upgrades identified in Appendix A to this GIA, which Transmission Provider determines, in its sole discretion, would have an adverse impact on the cost or timing of any Interconnection Request with an equal or later Queue Position; (c) disconnection of Interconnection Customer's Generating Facility and any of the Interconnection Facilities from the Transmission Provider's Transmission System; (d) labor, equipment and/or materials necessary to restore the Interconnection Facilities or the Transmission System to a safe and reliable condition; and (2) costs incurred by Transmission Provider to cancel or modify contracts for labor, equipment and/or materials associated with the Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades identified in Appendix A to this GIA; and, provided further, however, that Transmission Provider shall have the unconditional right to apply the deposit provided by Interconnection Customer pursuant to Article 4.5 to pay amounts due to Transmission Provider for Generation Imbalance Service and/or Balancing Authority Area Service."

l. Article 18, regarding indemnity and consequential damages, was simplified, consistent with California state law. Specifically, Article 18.1 was revised to simply state: "The Parties shall indemnify each other in accordance with comparative fault principles under California law." Also Article 18.2 was revised to state: "Except for liability arising out of the fraud or intentional misconduct of a Party, in no event shall a Party be liable to the other Party, with respect to any losses, or claims arising out of or in connection with this GIA, for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services. Any damages for which a Party is liable to the other Party must be reasonably foreseeable."

m. Article 21 was clarified to reflect IID's non-jurisdictional status.

n. Articles 22 and 27, pertaining to Confidentiality and Disputes were clarified and conformed, where applicable, to similar changes made to the GIP.

o. Minor clarifications were made to Article 25 with respect to auditing accounts and records "specifically" pertaining to a Party's performance and satisfaction of

its obligations under the GIA and accessing information "relating to the interconnection of Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System that is in the possession of the disclosing Party and is reasonably necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this GIA; and (ii) carry out its obligations and responsibilities under this GIA."

p. Article 29, regarding joint coordination among the Parties on operational and technical matters, was clarified. The clarifications reflect IID's practice of coordinating with customers as needed on a more frequent and informal basis. Language was added to describe the process for holding more formal meetings upon request on various operational and technical matters related to the operation of Interconnection Customer's Generating Facility and the Interconnection Service provided by Transmission Provider with respect to that Generating Facility.

q. Appendix A to the GIA, which is used to describe the various types of facilities needed to interconnect the Generating Facility and provide Interconnection Service to the Interconnection Customer, was clarified. First, a new subpart was added to specifically identify which facilities constitute "Common Upgrades" because there are provisions in the GIA which distinguish the treatment of Common Upgrades from other types of facilities. For example, after an Interconnection Customer executes the GIA, the Interconnection Customer does not have the privilege of suspending the construction of Common Upgrades nor can it suspend its obligations to finance its share of the costs of those Common Upgrades because other customers in a cluster are also dependent on Common Upgrades.

   Second, a new subpart was added to specifically identify the upgrades IID is planning to construct to interconnect the generating facilities of other customers upon which service to the Interconnection Customer is contingent. The costs of these upgrades generally are not expected to be assessed to the Interconnection Customer unless, for example, the other customer breaches or otherwise terminates its GIA. When discussing the possibility that a lower-queued interconnection customer may become responsible for funding the costs of completing network upgrades originally planned for a higher-queued Interconnection customer when that higher-queue customer fails to do so, FERC has advised jurisdictional transmission providers to address this type of contingency in a generation interconnection agreement. FERC stated: "If it is apparent to the Parties at the time they executed the LGIA that contingencies (such as other interconnection customers terminating their LGIAs) might affect the financial arrangements, the Parties should include such contingencies in their LGIA and address the effect of such contingencies on their financial obligations." Order No. 2003, at P 409. IID consistently added a subpart to its Appendix A to address this type of contingency.

r. A minor grammatical correction was made to Appendix D, pertaining to “Security Arrangement Details, which IID originally adopted based on FERC *pro forma* language.