

**INTERIM
COORDINATION AGREEMENT**

BY and BETWEEN

**MIDWEST INDEPENDENT
TRANSMISSION SYSTEM OPERATOR
INC. (MIDWEST ISO)**



AND

**INDEPENDENT ELECTRICITY
MARKET OPERATOR (IMO)**



EFFECTIVE DATE: July 1, 2004

THIS *AGREEMENT* made this 30th, day of June, 2004.
BETWEEN:

INDEPENDENT ELECTRICITY MARKET OPERATOR
a not-for-profit, non-share capital corporation established pursuant to the *Electricity Act*,
(Hereinafter called the "IMO")
OF THE FIRST PART

- And -

MIDWEST INDEPENDENT SYSTEM OPERATOR, INC.
a not-for-profit corporation organized under the laws of Delaware,
(Hereinafter called "Midwest ISO")
OF THE SECOND PART

WHEREAS, Midwest ISO and the IMO are sometimes hereinafter referred to as the
"*Parties*" or individually as a "*Party*"; and

WHEREAS both *Parties* desire to coordinate interconnected operation to maintain
reliability for both the power systems of the province of Ontario, Canada, and power
systems that are under the authority of the Midwest ISO, recognizing the *Parties*' desire
to maximize the reliability of their respective electric power systems for their mutual
advantage in order to achieve, as a result of coordinated operation, benefits to their
respective power systems and thereby to the public serviced by each; and

WHEREAS, related to the *Interconnection Facilities*:

A. Midwest ISO is responsible for the secure operation of the Michigan-Ontario
Interconnection in accordance with that certain agreement between International
Transmission Company and Midwest ISO under Appendix I of the Midwest ISO
OATT and is responsible for the secure operation of the Manitoba-Ontario
Interconnection, and the Minnesota-Ontario Interconnection, all in compliance
with and subject to (where applicable) the terms of the respective Presidential
Permits issued by the U.S. Department of Energy governing the Michigan and
Minnesota interconnections, and in compliance with the requirements and
guidelines as set forth by *NERC*, and as such Midwest ISO has the power and
authority to enter into this *Agreement* and perform its obligations under it;

B. The IMO is the *Control Area Operator*, the *Reliability Coordinator*, the
Transmission Service Provider, the market operator and directs the operation of
the *Ontario Transmission System* for the Province of Ontario pursuant to and
subject to the restrictions of the *Electricity Act*, and as such has the power and
authority to enter into this *Agreement* and perform its obligations under it;

C. The Midwest ISO *Transmission System* and the *Ontario Transmission System*

or the *IMO - controlled grid* are interconnected at certain points of *Interconnection* as more specifically described in this *Agreement* and the *Parties* wish to record their agreement as to the operational and other matters addressed herein and pertaining to the interconnected *Transmission Systems*; and

WHEREAS the *Parties* desire to manage the reliability aspects of their interconnected operations by developing, administering and implementing practices, procedures and information relating to security coordination and power system operation that will be managed and approved by a committee formed under this *Agreement*;

WHEREAS the *Parties* recognize the Interconnection Agreement between the IMO and Minnesota Power and its obligations;

WHEREAS the *Parties* recognize the Interconnection Agreement between Ontario Hydro and The Manitoba Hydro-Electric Board and its obligations;

WHEREAS the *Parties* recognize the Interconnection Agreement between Ontario Hydro and Consumers Company and The Detroit Edison Company and its obligations;

NOW THEREFORE THIS *AGREEMENT* WITNESSES THAT in consideration of the mutual agreements and obligations between the *Parties* and for other good and valuable consideration Midwest ISO and the IMO agree as follows:

1.0: DEFINITIONS

In this *Agreement*, the following words and terms shall have the meanings (such meanings to be equally applicable to both the singular and the plural forms) ascribed to them in this Article 1:

"*Adequacy*" means the ability of the electric system to supply electrical demand and energy requirements at all times, taking into account scheduled and unscheduled outages of system elements.

"*Agreement*" means this Agreement and the *Schedule(s)* attached hereto and incorporated herein.

"*Control Area*" means an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other control areas and contributing to frequency regulation of the *Interconnection Facilities* as set forth by *NERC*.

"*Control Area Operator*" means the person responsible for the secure operation of a *Control Area* as set forth by *NERC*.

“*Coordination Committee*” means the jointly constituted Midwest ISO and IMO committee established to administer the terms and provisions of this *Agreement* pursuant to Article 7.

“*Delivery Point*” means the border point at each of the several points of direct *Interconnection* between the Ontario *Control Area* and those entities for whom Midwest ISO performs reliability coordination services.

“*Dispute*” has the meaning attributed thereto in Article 12.0.

“*Effective Date*” means the reference date of this *Agreement* as shown on the first page.

“*Electricity Act*” means the *Electricity Act, 1998 (Ontario)*, as amended from time to time.

“*Emergency*” means any abnormal system condition that requires remedial action to prevent or limit loss of transmission or generation facilities that could adversely affect the *Reliability* of the electricity system.

“*Emergency Energy*” means energy supplied from *Operating Reserve* or electrical generation available for sale in Ontario or in the Midwest ISO reliability area or available from another *Control Area*.

“*Force Majeure*” means an event of force majeure as described in Section 13.1.

“*Good Utility Practice*” means any of the practices, methods and acts engaged in or approved by a significant portion of the North American electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result consistent with good business practices, *Reliability*, safety and expedition. *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 by *NERC*.

“*IMO controlled grid*” means the *Ontario Transmission System* with respect to which, pursuant to operating agreements, the IMO has authority to direct operations.

“*Intentional Wrongdoing*” means an act or omission taken or omitted by a *Party* with knowledge or intent that injury or damage could reasonably be expected to result.

“*Interconnection*” means a connection between two or more individual *Transmission Systems* that normally operate in synchronism and have interconnecting *Interties*.

“*Interconnection Facilities*” means the interconnection facilities described in *Schedule A*.

“*Intertie*” means a transmission line that forms part of an *Interconnection*.

“*ISO Agreement*” means the agreement that establishes the Midwest Independent System Operator.

“*ISO/TO Agreement*” means the agreement that establishes the terms and conditions under which the *Transmission Owners* transferred to Midwest ISO *Operational Control* over designated transmission facilities.

“*ISO Services Tariff*” means the Midwest ISO Market Administration and Control Area Services Tariff.

“*Market Participant*” means an entity that, for its own account, produces, sells, and/or purchases for its own consumption or resale capacity, energy, energy derivatives and ancillary services in the wholesale power markets. Market Participants include transmission service customers, power exchanges, load serving entities, loads, holders of energy derivatives, generators and other power suppliers and their designated agents.

“*Metered Quantity*” means apparent power, reactive power, active power, with associated time tagging and any other quantity that may be measured by a *Party’s Metering Equipment* and that is reasonably required by either *Party* for *Security* reasons or revenue requirements.

“*Metering Equipment*” means the potential transformers, current transformers, meters, interconnecting wiring and recorders used to meter any *Metered Quantity*.

“*Midwest ISO Transmission System*” for the purpose of this *Agreement* means the Transmission System, as that term is defined in the Midwest ISO Open Access Transmission Tariff (OATT).

“*Mutual Benefits*” as described in Article 3, means the transient and steady-state support that the integrated generation and *Transmission Systems* in Midwest ISO and Ontario provide to each other inherently by virtue of being interconnected. The term *Mutual Benefits* does not mean incidental benefits that may accrue from inadvertent flows of energy across the *Transmission System* of one *Party* or the other.

“*NEB*” – means the National Energy Board of Canada.

“*NERC*” – means the North American Electric Reliability Council or its successor organization.

“*Ontario Market Rules*” means the rules made from time to time, and any and all amendments thereto or replacements thereof, pursuant to Section 32 of the *Electricity Act*, and all policies, procedures, and guidelines contemplated thereby.

“*Ontario Transmission System*” means the integrated transmission facilities located in the

Province of Ontario including *Interconnection Facilities*, except for distribution systems operating at a nominal voltage level of less than 50 kV as defined in the *Electricity Act*.

"*Operating Instructions*" means the operating procedures, steps, and instructions for the operation of the *Interconnection Facilities* established from time to time by the *Coordination Committee* in accordance with *Schedule C* of this *Agreement* and includes changes from time to time by the *Coordination Committee* to such established procedures, steps and instructions.

"*Operational Control*" means *Security* monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for *Reliability*, coordination with other *Control Areas*, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its own facilities.

"*Operating Reserve*" means generation capacity or load reduction capacity which can be called upon on short notice by either *Party* to replace scheduled energy supply which is unavailable as a result of an unexpected outage or to augment scheduled energy as a result of unexpected demand or other contingencies.

"*Parties*" means Midwest ISO and IMO and *Party* means either one of them.

"*Reliability*" means the degree of performance of the bulk electric system that results in electricity being delivered within *Reliability Standards* and in the amount desired. Electric system *Reliability* can be addressed by considering two basic and functional aspects of the electric systems: *Adequacy* and *Security*.

"*Reliability Coordinator*" means the person or persons delegated to perform *Interconnection Security* functions as set forth by *NERC*.

"*Reliability Standards*" means the criteria, standards and requirements relating to *Reliability* established by a *Standards Authority*.

"*Schedule*" means a schedule attached to this *Agreement* and all amendments, supplements, replacements and additions hereto.

"*Security*" means the ability of the electric system to withstand sudden disturbances including, without limitation, electric short circuits or unanticipated loss of system elements.

"*Security Limits*" – means operating electricity system voltage limits, stability limits and thermal ratings.

"*Standards Authority*" means the North American Electric Reliability Council, any successor thereof, or any other agency or body that recommends standards or criteria to

either *Party* relating to the *Reliability of Transmission Systems*.

“*Transmission Operator*” means the entity that operates and maintains the transmission facilities and equipment, and executes switching orders.

“*Transmission Owner*” means an entity that owns a *Transmission System*.

“*Transmission Service Provider*” means an entity that manages (under an agreement with *Transmission Owners*) a *Transmission System* that performs the functions of providing transmission services to qualified *Market Participants* under applicable transmission service agreements or an approved Open Access Transmission Tariff, and that determines transmission *Adequacy* by monitoring the interconnected system and performing actions to preserve local network integrity.

“*Transmission System*” means a system for transmitting electricity, and includes any structures, equipment or other facilities used for that purpose.

2.0: SCOPE OF AGREEMENT

2.1 Purpose of this Agreement

This *Agreement* provides for the reliable operation of the interconnected *Transmission Systems* of Midwest ISO and Ontario in accordance with the requirements of the *Standards Authority*.

This *Agreement* establishes a structure and framework for the following functions related to the *Reliability* of interconnected operations between the *Parties*:

- (a) developing and issuing *Operating Instructions* and *Security Limits*;
- (b) coordinating operation of the *Transmission Systems*;
- (c) developing and adopting operating criteria and standards;
- (d) operating performance review of the *Interconnection Facilities*;
- (e) considering matters of transmission service and access;
- (f) implementing the respective requirements of each of *NERC* and appropriate regional coordinating council with respect to the *Midwest ISO Transmission System and Ontario Transmission System*;
- (g) providing assistance in an *Emergency* and system restoration.

The *Parties* shall, to the maximum extent they deem consistent with the safe and proper operation of their respective *Transmission Systems* and necessary coordination with other interconnected systems, and with the furnishing of dependable and satisfactory service to their own customers, operate their *Transmission Systems* in accordance with the following procedures and principles.

3.0: MUTUAL BENEFITS

3.1 No Charge for Mutual Benefits of Interconnection

Midwest ISO Transmission System and *Ontario Transmission System*, by virtue of being

connected with a much larger *Interconnection*, share *Mutual Benefits* such as transient and steady-state support. IMO and Midwest ISO shall not charge one another for *Mutual Benefits*.

3.2 Maintenance of Mutual Benefits

The *Parties* shall endeavor to operate or direct the operation of the *Interconnection* to realize the *Mutual Benefits*. The *Parties* recognize circumstances beyond their control, such as a result of operating configurations, contingencies, maintenance, or actions by third parties, may result in a reduction of *Mutual Benefits*.

4.0: INTERCONNECTED OPERATION

4.1 Obligation to Remain Interconnected

The *Parties* shall at all times during the term of this *Agreement* operate or direct the operation of their respective *Transmission Systems* so that they remain interconnected except:

- (a) during the occurrence of an event of *Force Majeure* which renders a *Party* unable to remain interconnected;
- (b) when an *Interconnection* is opened in accordance with the terms of an *Operating Instruction*;
- (c) when an *Interconnection* is opened to avoid an imminent risk of equipment failure, or of danger to personnel or the public, or a risk to the environment, or risk to system *Security* or *Reliability* of a *Transmission System*, which cannot be avoided by *Good Utility Practice*;
- (d) when an *Interconnection* is opened to comply with operating requirements imposed by or incorporated into the U.S. D.O.E Presidential Permit or *NEB* export permits applicable to a facility that is part of an *Interconnection*; or
- (e) during planned maintenance where notice has been given in accordance with outage procedures as implemented by the *Coordination Committee*.

4.2 Radial Facility Operation

Any radial *Interconnection Facilities* shall be operated with the normally-open points as described in *Schedule A*, except by mutual agreement of the *Parties*.

4.3 Notification of Circumstances

In the event that an *Interconnection Facility* is opened or if the *Interconnection Facility* transfer capability is changed, the *Party* which plans to initiate the opening of, or the transfer capability change to the *Interconnection Facility* shall immediately provide the other *Party* with notification indicating the circumstances of the opening or transfer capability change and expected restoration time, in accordance with procedures implemented by the *Coordination Committee*.

4.4 Compliance with Decisions of the Coordination Committee Direction.

Midwest ISO shall direct the operation of the *Midwest ISO Transmission System* and the IMO shall direct the operation of the *IMO controlled grid* in accordance with the

obligations of their respective tariffs, rules and standards and applicable directions of the *Coordination Committee* that conform with their respective tariffs, rules and standards, except where prevented by *Force Majeure*. The *Coordination Committee* direction includes decisions and jointly developed and approved *Operating Instructions*. If decisions of the *Coordination Committee* do not anticipate a particular circumstance, the *Parties* shall act in accordance with *Good Utility Practice*.

4.5 Control and Monitoring

Each *Party* shall provide or arrange for 24-hour control and monitoring of their portion of the *Interconnection Facilities*.

4.6 Reactive Transfer

In the absence of a commercial agreement, each *Party*, unless mutually agreed otherwise, shall endeavor to provide its own reactive power supply to maintain unity power factor on the *Interconnection*.

4.7 Inadvertent

Inadvertent power transfers on all *Interconnection Facilities* shall be controlled and accounted for in accordance with the standards and procedures incorporated into applicable U.S. DOE Presidential Permits, *NEB* export permits, and those developed by *NERC* and appropriate regional coordinating council and implemented by the *Coordination Committee*.

4.8 Adoption of Standards

The *Parties* hereby agree to adopt, enforce and comply with requirements and standards that will safeguard *Reliability* of the interconnected *Transmission Systems*. Such *Reliability* requirements and *Reliability Standards* shall be:

- (a) adopted and enforced for the purpose of providing reliable service;
- (b) not unduly discriminatory in substance or application;
- (c) applied consistently to both *Parties* and,
- (d) consistent with the *Parties* respective obligations to applicable *Standards Authorities* including, without limitation, any relevant requirements or guidelines from each of *NERC*, appropriate regional coordination council or any other regional *Standards Authority* or regional transmission group, and applicable U.S. DOE Presidential Permits.

4.9 Transfer Point for Real and Reactive Power

Real and reactive power will be transferred over the *Interconnection Facilities* as described in *Schedule A* where these circuits cross the international boundary. *Interconnection Facilities* that use phase shifters to control the MW flow across said facilities should be operated as dictated by applicable agreements.

5.0: EMERGENCY ASSISTANCE

5.1 Emergency Assistance

Both *Parties* shall exercise due diligence to mitigate an *Emergency* to the extent practical

as per applicable requirements of each of *NERC*, appropriate regional coordinating council, the Midwest ISO OATT and the pertinent *Ontario Market Rules*. In mitigating an *Emergency*, both *Parties* shall strive to allow for commercial remedies. *Emergency Energy* may be provided in cases of sudden and unforeseen outages of generating units, transmission lines or other equipment, or to meet other sudden and unforeseen circumstances such as forecast errors, or to provide sufficient *Operating Reserve*.

5.2 Emergency Energy Transactions

IMO shall, to the maximum extent it deems consistent with the safe and proper operation of the *Ontario Transmission System*, provide *Emergency Energy* to Midwest ISO.

Midwest ISO shall to the maximum extent it deems consistent with the safe and proper operation of the *Midwest ISO Transmission System*, facilitate the delivery of *Emergency Energy* to IMO. This *Agreement* shall recognize the *Emergency Energy* agreements currently in place until such time that the Midwest ISO market is implemented and the Midwest ISO can enter into transactions for *Emergency Energy*.

6.0: EXCHANGE OF INFORMATION AND CONFIDENTIALITY

6.1 Information

Midwest ISO and IMO agree to exchange such information as may be required from time to time for the *Coordination Committee* to perform its duties and for the *Parties* to fulfill their obligations under this *Agreement*. Such information will be comprised of the following:

- (a) Information required to develop *Operating Instructions*;
- (b) *Transmission System* facility specifications and modeling data required to perform *Security* analysis;
- (c) Functional descriptions and schematic diagrams of *Transmission System* protective devices and communication facilities;
- (d) Ratings data, and associated ratings methodologies, for *Interconnection Facilities*;
- (e) Telemetry points, equipment alarms and status points required for real time monitoring of *Security* dispatch;
- (f) Data required to reconcile accounts for *Emergency Energy* transactions;
- (g) Commercially valuable *Transmission System* information concerning such things as transfer capabilities, physical curtailments and interruptions, ancillary services; provided, however, that this commercially valuable *Transmission System* information shall not be shared by the receiving *Party* with any other party that is a *Market Participant*; and
- (h) Such other information as may be required for the *Parties* to maintain the

reliable operation of their interconnected *Transmission Systems* and fulfill their obligations under this *Agreement* and to any *Standards Authority* of which either *Party* is a member, provided, however, that this other information will be exchanged only if that can be done in accordance with restrictions on the disclosure of information to either *Party*.

- (i) *Reliability* data exchange examples are found in *Schedule B*, “*Reliability Data Exchange*” to be considered and adopted as deemed appropriate by the *Coordination Committee*, if the *Parties* do not already exchange such information. Among the considerations to be addressed by the *Coordination Committee* are the prospect of future expenditures to make data available in compatible formats, and to supply data of the type required, and the time to implement required changes to software and hardware systems.
- (j) The *Parties* agree to implement a methodology to exchange the information set forth in *Schedule B*. The *Parties* agree to negotiate in good faith to develop the aforementioned methodology that will minimize the cost of developing exchanging data.

6.2 Confidentiality

The *Party* receiving information pursuant to this Article 6 shall treat such information as confidential, and shall not, except as provided for in subsection 6.3, disclose any of the information received without the prior written consent of the *Party* supplying the information. The obligation of each *Party* under this subsection 6.2 continues and survives the termination of this *Agreement* by 7 years.

6.3 Demands for Disclosure

If information received by a *Party* is required to be disclosed in compliance with an order or subpoena of a court or regulatory body, or the award of an arbitrator, the *Party* that received the information, consistent with its legal and regulatory obligations, shall seek to protect the information demanded. The *Party* receiving the demand for disclosure shall also, consistent with its legal and regulatory obligations, notify the other *Party*, so as to give the other *Party* an opportunity to seek appropriate protection for the information demanded.

7.0: COORDINATION COMMITTEE

7.1 Coordination Committee Inauguration & Authorization

The *Parties* shall form a *Coordination Committee* under this *Agreement*. Within 30 days of the *Effective Date*, each of the *Parties* shall appoint two representatives, a principal and an alternate, to serve as members of the *Coordination Committee* with the authority to act on their behalf with respect to actions or decisions taken by the *Coordination Committee*. A *Party* may, at any time upon providing prior notice to the other *Party*, designate a replacement principal member or alternate member to the *Coordination Committee*.

7.2 Coordination Committee Duties and Responsibilities

The *Coordination Committee* exists to administer the implementation of the provisions of this *Agreement*. The *Coordination Committee* shall develop and adopt policies, instructions, and recommendations relating to the *Parties'* performance of their obligations under this *Agreement*, attempt to resolve *Disputes* between the *Parties* pursuant to Article 12 of this *Agreement*, and shall undertake any other actions specifically delegated to it pursuant to this *Agreement*.

The *Coordination Committee* shall undertake to jointly develop and authorize *Operating Instructions* to implement the intent of this *Agreement* in accordance with *Schedule C*, 'Procedures for Development and Authorization of *Operating Instructions*'.

Should the terms and conditions contained in this *Agreement* be found to conflict with or fail to recognize obligations of a *Standards Authority* of which either *Party* is a member or other regulatory requirements the *Parties* agree to amend this *Agreement* accordingly.

Any effective recommendations on revisions to this *Agreement* shall be provided to each *Party's* appropriate corporate officers for approval.

7.3 Limitations of Coordination Committee Authority

With the exception of periodic changes to the *Schedules*, the *Coordination Committee* is not authorized to modify or amend any of the terms of this *Agreement*. The *Coordination Committee* has no authority to commit either *Party* to any expenditure that is beyond those expenses described herein, nor to commit either *Party* to a course of action or an *Operating Instruction* that would violate a term or condition of an existing agreement between a *Party* and an owner of facilities constituting an *Interconnection*, or that would violate a rule, regulation, regulatory order, permit, or other applicable standard.

7.4 Exercise of Coordination Committee Duties

The *Coordination Committee* shall hold meetings no less frequently than twice each calendar year. The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either *Party* in advance of the meeting and sent to the representatives of the other *Party*. All decisions of the *Coordination Committee* must be unanimous. Special meetings may be called at any time if the *Coordination Committee* deems such meetings to be necessary or appropriate.

Subject to the limitations on its authority as described in Section 7.3 of this *Agreement*, the *Coordination Committee* has the responsibility and authority to take action on all aspects of this *Agreement*, including, but not limited to the following:

- (a) amending, adding or canceling *Schedules*, or *Operating Instructions* and providing written notice in accordance with Article 16.0;
- (b) assessment of non-compliance with this *Agreement* and, subject to Article 12, the taking of appropriate action in respect thereof;

(c) documentation of decisions related to the initial resolution of *Disputes* as set out in Article 12, or in cases of unresolved *Disputes*, the circumstances relevant to the *Dispute* in question as contemplated by the requirements of Article 12;

(d) preparation, documentation, retention and distribution of *Coordination Committee* meeting minutes and agendas; and

(e) joint development and implementation of decisions involving but not limited to the following work activities:

(i) development and maintenance of procedures for active power and reactive power accounting, including but not limited to methods of energy balancing;

(ii) approval of information and data exchange costs and scope;

(iii) documented points of operational data, as required by mutual agreement;

(iv) development and maintenance of outage scheduling and coordination procedures with respect to the reliable operation of the *Interconnection Facilities*;

(v) coordination of system tests; and

(vi) development of system restoration and mutual assistance procedures.

8.0 SECURITY COORDINATION AND RELIABILITY ASSESSMENT OF OUTAGES

Both *Parties* agree to provide each other with appropriate updates on planned outage schedules and other activities that may impact on the *Reliability* or availability of the interconnected *Ontario Transmission System* and *Midwest ISO Transmission System*. Such notice for planned outages shall be provided as far in advance as possible. Similarly, notice shall be provided as soon as possible following forced outages. As *Control Area Operator* and *Reliability Coordinator* the IMO for the province of Ontario and Midwest ISO shall interact with each other as required, and with other *Control Area Operators* and *Reliability Coordinators*, to establish *Security Limits* and to perform *Security* coordination and *Reliability* assessments of outages.

9.0: OPERATIONAL INFORMATION

9.1 Obligation to Provide Operational Data and Status Points

The *Parties* shall ensure that appropriate monitoring facilities are installed as required to provide for electric power quantities or equipment loading to enable monitoring of *Security Limits*, and to meet requirements of each of *NERC* and appropriate regional coordinating council.

9.2 Points of Operational Data

The points of data for operating information are those points as may be agreed in writing by the *Coordination Committee* from time to time.

10.0: INTERCONNECTION REVENUE METERING

Until such time that the Midwest ISO energy market commences, the interconnected revenue metering obligations set forth in the existing interconnection agreements in the Midwest ISO Control Areas will remain applicable.

11.0: LIABILITY AND INDEMNITY

11.1 Liability Between Parties

The *Parties'* duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither *Party*, nor its directors, officers, trustees, employees or agents, shall be liable to the other *Party* for any loss, damage, claim, cost, charge or expense, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from the *Party's* performance or nonperformance under this *Agreement*, except to the extent that a *Party* is found liable for gross negligence or willful misconduct, in which case the *Party* will not be liable for any incidental, consequential, punitive, special, exemplary or indirect damage.

11.2 Liability for Interruptions

Neither *Party* shall be liable to the other *Party* for any claim, demand, liability, loss or damage, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits and system that are under the *Operational Control* of the other *Party* and which results in damage to or renders inoperative such circuits and system, or the separation of the systems in an emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the power and energy delivered hereunder to the other *Party*.

11.3 Liability to Third Parties

Except as otherwise expressly provided herein, nothing in this *Agreement* shall be construed or deemed to confer any right or benefit on, or to create any duty to, or standard of care with reference to any third party, or liability or obligation, contractual or otherwise, on the part of the *Parties* to this *Agreement* to any third party.

12.0: DISPUTE RESOLUTION

In the event of a *Dispute* arising out of or relating to this *Agreement* that is not resolved by the representatives of the *Parties* who have been designated under Section 7.1 of this *Agreement* within 7 days of the reference to such representatives of such *Dispute*, each *Party* shall, within 14 days' written notice by either *Party* to the other, designate a senior officer with authority and responsibility to resolve the *Dispute* and refer the *Dispute* to

them. The senior officer designated by each *Party* shall have authority to make decisions on its behalf with respect to that *Party's* rights and obligations under this *Agreement*. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the *Dispute*. If the senior officers do not agree upon a resolution of the *Dispute* within 14 days of its referral to them, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate dispute resolution, then either *Party* shall have the right to pursue any and all remedies available to it at law or in equity. Neither the giving of notice of a *Dispute*, nor the pendency of any *Dispute* resolution process as described in this Section, shall relieve a *Party* of its obligations under this *Agreement*, extend any notice period described in this *Agreement* or extend any period in which a *Party* must act as described in this *Agreement*. Notwithstanding the requirements of this section, either *Party* may terminate this *Agreement* in accordance with its provisions, or pursuant to an action at equity. The issue of whether such a termination is proper shall not be considered a *Dispute* hereunder.

13.0: FORCE MAJEURE

13.1 Force Majeure Defined

A *Party* shall not be considered to be in default or breach of this *Agreement*, and shall be excused from performance or liability for damages to any other *Party*, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this *Agreement*, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of contractors or suppliers of materials, act of a public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such *Party's* reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the *Party* or property or equipment of others which is deemed under the *Operational Control* of the *Party*. Any *Party* claiming a *Force Majeure* event shall promptly give written and reasonably descriptive notification to the other *Party*, shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the *Force Majeure* event. Each *Party* shall use its best efforts to mitigate the effects of such *Force Majeure* event, remedy its inability to perform, and resume full performance of its obligations hereunder; provided, however, a *Party* shall not be obliged to settle a labor disturbance to accomplish the foregoing.

14.0: GOVERNING LAW

This *Agreement* shall be governed and construed in accordance with the laws of the State of Delaware, with the exception of any choice of laws provisions therein.

15.0: EFFECTIVE DATE, TERMINATION AND ASSIGNMENT

15.1 Effective Date

This *Agreement* shall take effect as of date first above written.

15.2 Termination

This *Agreement* may be terminated at any time by mutual agreement in writing. It may also be terminated by either of the *Parties* with at least one year's prior written notice to the other *Party* of its intention to terminate, provided that such unilateral termination shall not prejudice any outstanding obligations entered into under this *Agreement* that have accrued as at the date of termination.

15.3 Force of Agreement

This *Agreement* shall be binding upon and shall inure to the benefit of the IMO and Midwest ISO, and their respective successors and permitted assigns.

15.4 Assignment Requirements and Limitation

This *Agreement* shall not be assigned by either *Party* without the prior written consent of the other *Party*, such consent not to be unreasonably withheld or delayed. No assignment shall constitute a novation or release the assigning *Party* from its obligations under this *Agreement* without the express, written agreement of the other *Party*.

16.0: NOTICES

16.1 Correspondence

All notices shall be addressed to the respective corporate officers of Midwest ISO and the IMO set out in Section 16.2.

16.2 Notices

All notices shall be sufficiently given and conclusively deemed to be delivered:

- (a) on the date of transfer, receipt confirmed, if by means of facsimile transfer or electronic mail;
- (b) on the third business day after the day of mailing, if by mail and
- (c) at the time of delivery, if delivered by hand.

In the case of Midwest ISO to:

Midwest Independent System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
USA

Attention: Stephan G. Kozey, General Counsel & Secretary
Fax (317) (249-5912)
skozey@midwest iso.org

In the case of the IMO to:

Independent Electricity Market Operator
Station A, Box 4474
Toronto, Ontario M5W 4E5
Attention: General Counsel & Secretary
Fax: (416) 506-2849
roy.stewart@theIMO.com

Either *Party* shall notify the other *Party* from time to time of a change to the foregoing information by sending a notice to that effect in accordance with the provisions of this Section 16.2.

IN WITNESS WHEREOF the *Parties* hereto have caused this *Agreement* to be executed in duplicate as of the day and year first written above.

For: **MIDWEST INDEPENDENT SYSTEM OPERATOR, INC.**



Approved: John Bear

A handwritten signature in black ink, appearing to read "J. Bear", written over a horizontal line.

Chief Operating Officer
Midwest Independent System Operator, Inc.

Signature Date: 6/30/04

For: **INDEPENDENT ELECTRICITY MARKET OPERATOR.**



Approved: Paul Murphy

A handwritten signature in black ink, appearing to read "Paul Murphy", written over a horizontal line.

Chief Operating Officer
Independent Electricity Market Operator

Signature Date: June 30, 2004

Schedule A: Description of Interconnection Facilities

The IMO – Midwest ISO Interim Coordination Agreement covers the Midwest ISO – Ontario *Interconnection Facilities*.

Michigan and Ontario:

The Michigan-Ontario Interconnection is comprised of the 4 main *Interties*, namely;

1. 230kV Interconnections J5D
2. 230kV Interconnection B3N
3. 345kV Interconnections L4D
4. 230kV Interconnection L51D

Interconnection Line J5D

Near Windsor, Ontario, a 230kV transmission circuit designated as J5D equipped with an in-line phase shifting voltage regulating transformer (PSR5) rated at 230/230 kV, 500 MVA, connecting the J Clark Keith Transformer Station to the Waterman Switching Station in Detroit, Michigan.

Interconnection Line B3N

Near Marysville, Michigan, a 230kV transmission circuit designated as B3N equipped with an in-line autotransformer (T201) rated at 235.75/126 kV, 675 MVA and a phase shifting transformer (PSR202) rated at 405/540/675 MVA, connecting the Bunce Creek Station to the Sarnia-Scott Transformer Station at Sarnia, Ontario.

Interconnection Line L4D

Near Courtright, Ontario, a 345kV transmission circuit designated as L4D equipped with two in-line autotransformers (T7 and T8) operating in parallel and each rated at 346/225 kV, 600 MVA and an in-line phase shifting transformer (PS4) rated at 845 MVA, connecting the Lambton Thermal Generating Station to the St Clair Power Plant near Marine City, Michigan..

Interconnection Line L51D

Near Marine City, Michigan, a 230kV transmission circuit designated as L51D equipped with an in-line autotransformer (T351) rated at 346/225 kV, 1000 MVA connecting the St Clair Power Plant, to the Lambton Thermal Generating Station and an in-line phase shifting transformer (PS51) rated at 845 MVA, near Courtright, Ontario.

Minnesota-Ontario

The Minnesota-Ontario Tie is a synchronous 115 kV tie consisting of the following facilities, namely;

2.3 miles of 115 kV transmission line, F3M, similarly known as Line No. 726, from the Fort Frances 115 kV switchyard in Ontario to the International Falls 115 kV switchyard in Minnesota.

Two 115 kV phase shifting regulating transformers at International Falls Substation, each capable of shifting ± 76 degrees. These two phase shifters are connected in series to provide a phase shifting capability of ± 152 degrees.

Boise Cascade-USA F3M Emergency radial supply 115 kV transmission line, from the Fort Francis 115 kV switchyard in Ontario to the Boise Cascade Substation #1 in the State of Minnesota.

This radial circuit is normally operated with an open point at Boise Cascade U.S Substation #1.

(This section of transmission line is strung on common F3M towers A and B in Ontario and then splits off on separate structures crossing the Rainy River to the Boise Cascade Substation in Minnesota.)

Manitoba-Ontario

The Manitoba-Ontario Interconnection is comprised of three separate transmission circuits, two 230 kV circuits that are normally operated synchronously and a single 115 kV circuit, which is normally operated in a radial manner.

The two 230 kV circuits, K21W and K22W that physically connect Kenora in Ontario and Whiteshell in Manitoba are normally operated synchronously. Each circuit has a step up transformer and a phase shifting transformer located at Whiteshell that is used to control actual power flows to scheduled interchange within a control threshold range.

The 115 kV circuit SK1 that can connect Seven Sisters in Manitoba and Rabbit Lake in Ontario is normally operated radially with an open point between Star Lake in Manitoba and Clearwater Bay in Ontario.

Schedule B: Protocols for Reliability Data Exchange

Note: The acronyms used in the following schedule are *NERC* defined terms.

The *Coordination Committee* shall address and adopt as where applicable, the information noted below. The exchange of information whether it is real-time telemetry or off-line data will be based on the requirements of *NERC* and the appropriate regional coordinating councils, and as noted in Section 6.1.

1.0 Real-Time via Telemetry

NERC requirements describe the types of data that *Control Areas* are expected to provide, and *Reliability Coordinators* are expected to share with each other

The *Parties* may exchange the following data of their bulk transmission facilities via ICCP or ISN as listed below:

- (a) Transmission line status;
- (b) Scheduled use of reservations;
- (c) TLR information, including calculation of Market Flows;
- (d) Redispatch information, including the next most economical generation block to decrement/increment;
- (e) Real-time constraints;
- (f) Status measurements 69 kV and above (breaker statuses) (as available and required to observe for reliability as the respective *Parties* may determine);
- (g) Analog measurements 69 kV and above (flows and voltages) (as available and required to observe for reliability as the respective *Parties* may determine);
- (h) Generation point measurements, including generator output for each unit in MW and MVARs, as available;
- (i) Load point measurements, including bus loads and specific loads at each substation in MW and MVARs, as available;
- (j) Phase shifter/regulator tap positions;
- (k) Phase shifter/regulator bypass switch status;
- (l) Phase shifter/regulator control mode status; and,
- (m) Special Protection Scheme status
- (n) *Control Area* net interchange;
- (o) *Control Area* total load; and
- (p) *Control Area* operating reserves

Each *Party* shall accommodate, as soon as practical, the other *Party's* request for additional ICCP/ISN bulk transmission data points, but in any event, no more than one (1) week after the request has been submitted.

2.0 Projected Operating Data

Projected operating information consists of:

- (a) Unit commitment/merit order;
- (b) Maintenance schedules;

- (c) Forced outage rates;
- (d) Firm purchases and sales;
- (e) Independent power producer information, including current operating level, projected operating levels, outage start and end dates;
- (f) The planned and actual operational start-up dates for any permanently added, removed, or significantly altered transmission segments; and
- (g) The planned and actual start-up testing and operational start-up dates for any permanently added, removed, or significantly altered generation units.

3.0 Operations Planning Data

Upon the written request of either *Party*, the other *Party* shall provide the information specified in this Section, or any components thereof. Each request shall specify the information sought and the requested frequency upon which it can be provided. A *Party* receiving a request under this Section shall provide the information promptly to the extent that the information is available to that *Party*.

(a) Flowgates

- i) Flowgate definitions, including seasonal TTC, TRM, CBM, and a & b multipliers;
- ii) Flowgates to be added on demand;
- iii) List of Coordinated Flowgates;
- iv) List of flowgates to recognize when selling point-to-point service (if different than the list of Coordinated Flowgates); and
- v) Firm and non-firm AFC for all relevant flowgate

(b) Transmission Service Reservations

- i) List of reservations to exclude;
- ii) Reservation and interchange schedules, as required to permit the accurate calculation of TTC and ATC/AFC values;
- iii) Procedures and practices used to model intra-RTO reservations, reservations on external systems, and reservation netting; and
- iv) List of reservations from OASIS that should not be considered in ATC/AFC calculations.

(c) Available Flowgate Capability

Each *Party* shall meet a minimum periods for calculating and making available AFCs to the other *Party*. The minimum period depends on the service being offered, as detailed below:

- i) Hourly for the first seven (7) days, posted at a minimum, once per hour;
- ii) Daily for days eight (8) through thirty-one (31), posted at a minimum, once per day; and
- iii) Monthly for months two (2) through eighteen (18), posted at a minimum, twice per month.

(d) Load Forecast

- i) Hourly for the next seven (7) days, daily for days eight (8) through thirty-one

(31), and monthly for months two (2) through eighteen (18), submitted once a day;

- ii) Identify the origin of the forecast (*e.g.*, identity of the RTO, RC, *Control Area*, etc.);
- iii) Indicate whether this forecast includes transmission system losses and, if it does, indicate the loss percentages;
- iv) Identify non-conforming loads;
- v) Indicate how municipal entities, cooperatives, and other entity loads are treated. Indicate whether they are included in the forecast. If so, indicate the total load or net load after removing other entity generation; and
- vi) Peak load data for each period in accordance with *NERC* policies and procedures (*e.g.*, daily, weekly, and monthly). For the next seven (7) day horizon, the *Parties* shall either supply hourly load forecasts or daily peak load forecasts with a load profile. All load forecasts shall be provided on a *Control Area* basis by the applicable RTO, RC, *Control Area*, or other applicable entity, including total distribution forecast by zones.

(e) Generator Data Load Forecast

- i) Bus location in model;
- ii) Seasonal ratings, P_{MIN}, P_{MAX}, Q_{MIN}, Q_{MAX};
- iii) Station auxiliaries if gross generation has been reported;
- iv) Regulated bus, target voltage, and actual voltage; and
- v) Equivalent forced outage rate.

(f) Designated Network Resources

- i) Network Integration Transmission Service Specifications;
- ii) Designated Network Resource information;
- iii) Indication of treatment as pseudo tie or dynamic/static schedules;
- iv) Rules for sharing output between joint owners; and
- v) Transmission arrangements.

(g) Control Area Net Interchange from Reservations and Tags

- i) Any grandfathered agreements that do not appear in OASIS; and
- ii) If tags and reservations cannot be used to develop *Control Area* or zone net interchange, then the *Party* shall provide hourly unit commitment information for all generators in the *Control Area*/zone.

(h) Dynamic Schedules

- i) List of dynamic schedules;
- ii) Identification of the dynamic schedules that are being used to move load into the *Control Area* or out of the *Control Area*;
- iii) Identification of marginal generation zones; and

- iv) The actual amount and future projection of dynamic schedule flows. All dynamic schedule flows and tags will be submitted in accordance with *NERC* policy and procedures.
- (i) Controllable Dynamic**
- i) Phase shifters;
 - ii) DC lines;
 - iii) Back-to-back AC/DC converters; ; and
 - iv) Special Protection Schemes and arming status.
- (j) Generation and Transmission Outages**
- i) Generation Outages that are planned or forecast, as soon as practicable, including the projected status of generation availability for a minimum of eighteen (18) months or more, if available, updated no less than once daily for the full posting horizon and more often as required by system conditions.
 - ii) Complete generation maintenance schedules and the most current available generator availability data, such that each *Party* is aware of the “return date” of a generator from a scheduled or forced outage.
 - iii) Include the status of all generators rated greater than 150 MW; provided, however, that if the status of a particular generator rated equal to or less than 150 MW is used within a *Party*’s TTC/ATC/AFC calculation, the status of such unit shall be provided.
 - iv) Transmission Outages that are planned or forecast, as soon as practicable, including the projected status of transmission outage schedules for a minimum of eighteen (18) months or more if available, updated no less than once daily for the full posting horizon and more often as required by system conditions.
 - v) Current, accurate, and complete transmission facility maintenance schedules, including the “outage date” and “return date” of a transmission facility from a scheduled or forced outage.
 - vi) If the status of a particular transmission facility is critical to the determination of TTC and ATC/AFC of a *Party*, the status of such facility shall be provided.

Notification of all forced outages of both generation and transmission resources, as soon as reasonably possible after such outages have been identified.

Schedule C: Procedures for Development and Authorization of Operating Instructions

1.0 Overview

The *Coordination Committee* shall jointly develop and approve *Operating Instructions* and review them at least semiannually. The *Coordination Committee* shall submit draft material to one another for review and comment. The *Coordination Committee* shall provide comment on the draft material promptly and in any event within 30 days. The *Coordination Committee* shall promptly provide such information as may reasonably be required in connection with establishing, or reviewing, the material.

In the event that any conflicts arise or are made apparent to a *Party*, they shall notify the other *Party* and engage the *Coordination Committee* if necessary to resolve such conflicts.

Outlined below are the key principles and items of methodology to be observed while the *Coordination Committee* is engaged in developing and approving *Operating Instructions*, and issuing them to their respective operations staff.

2.0 Principles

Given that the *Parties'* respective operations staff benefit from following a single instruction for all aspects of their execution of interconnected operations, it is an acceptable practice to combine this content to achieve the single *Operating Instructions* for use by a respective *Party's* operations staff.

Each *Party* shall coordinate the issuance internally of any *Operating Instructions* developed and agreed to by the *Coordination Committee* to ensure that their respective operations staff have the same *Operating Instructions* at the same time.

Operating Instructions, when approved by the *Coordination Committee*, shall be binding on the *Parties* insofar as they relate to the *Coordination Facilities* until they expire, are changed, deleted, or superseded by authority of the *Coordination Committee*.

3.0 Items of Methodology

Each page of the approved *Operating Instructions* shall be identified in the header or footer as the IMO – Midwest ISO *Coordination Committee's* with the effective date and any revision number. This identification shall continue to be displayed internally when a given *Party* issues *Operating Instructions* in their respective company's documentation system.

By mutual agreement of the *Coordination Committee*, one *Party* shall control the revision process from the initial drafting of material through to the conversion of the *Operating Instruction* into its final form.

Schedule D: Principles of Operating Interconnected Facilities

The Midwest ISO and the IMO entities shall respect the appropriate operating procedures set forth in current interconnection agreements with *Control Areas* that border with Ontario.