

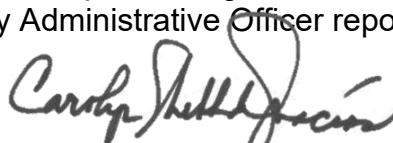
0150-12721-0000

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 10/2/2024	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT ALL	

PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE EXECUTION OF THE NAVAJO Q255 LARGE GENERATOR INTERCONNECTION AGREEMENT – CONTRACT NO. 54483/DWP NO. BP 23-011 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER, 302PN 8me, LLC, THE UNITED STATES BUREAU OF RECLAMATION, THE ARIZONA PUBLIC SERVICE COMPANY, THE NEVADA POWER COMPANY, THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND THE TUCSON ELECTRIC POWER COMPANY

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.


MAYOR

Attachment
MWS:PJH:JVW:IR:JFH:10250046t

(Carolyn Webb de Macias for)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 9, 2024

CAO File No.: 0150-12721-0000

Council File No.:

Council District: All

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated June 14, 2024; referred by the Mayor for report on July 1, 2024

Subject: **PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING THE EXECUTION OF THE NAVAJO Q255 LARGE GENERATOR INTERCONNECTION AGREEMENT – CONTRACT NO. 54483/DWP NO. BP 23-011 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER, 302PN 8me, LLC, THE UNITED STATES BUREAU OF RECLAMATION, THE ARIZONA PUBLIC SERVICE COMPANY, THE NEVADA POWER COMPANY, THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND THE TUCSON ELECTRIC POWER COMPANY**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Los Angeles Department of Water and Power (LADWP, Department) Resolution and Ordinance authorizing the execution of the Navajo Q255 Large Generator Interconnection Agreement – Contract No. 54483/DWP No. 23-011 between – LADWP, 302PN 8me, LLC, the United States Bureau of Reclamation, the Arizona Public Service Company, the Nevada Power Company, the Salt River Project Agricultural Improvement and Power District, and the Tucson Electric Power Company;
2. Delegate authority to the Los Angeles Board of Water and Power Commissioners (Board) by ordinance and authorize the Board to act on and approve all future amendments to the Interconnection Agreement pursuant to Charter Section 674;
3. Authorize, upon proper certification, the Chief Accounting Employee to draw demands on the Power Revenue Fund, in accordance with the terms of this Agreement; and
4. Return the proposed Resolution to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power requests authority to execute the Navajo Q255 Large Generator Interconnection Agreement – Contract No. 54483/DWP No. 23-011 (Navajo LGIA) by Ordinance. The Interconnection Agreement is between (1) 302PN 8me, LLC (Interconnection Customer); and (2) the LADWP, the United States Bureau of Reclamation, the Arizona Public Service Company, the Nevada Power Company, the Salt River Project Agricultural Improvement and Power District, and the Tucson Electric Power Company collectively known as the Navajo Participants.

In accordance with the Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP19-006 (Navajo CTA), the Navajo Participants are joint owners of the Navajo Project. The Navajo Project consists of the Navajo Southern Transmission System (STS) and the Navajo Western Transmission System. The Navajo 500 kilovolt (kV) Switchyard is one of the components of the STS and is managed by Arizona Public Service Company as the designated Operating Agent.

The Navajo LGIA will allow the Interconnection Customer to physically interconnect a 2,000 megawatt (MW) photovoltaic solar generating facility and a 2,000 MW Battery Energy Storage System, known as the Large Generator Interconnection Project Q255 (Q255 Project), with the Navajo 500 kV Switchyard. While the LADWP is not granted any rights to power produced by the Interconnection Customer's facilities, bids can be made to sell energy to the interconnected energy market.

Since the City of Los Angeles, acting by and through LADWP, has a 21.2 percent ownership share in the Navajo 500 kV Switchyard and is a joint owner of the Navajo Project, the LADWP is required to execute the Navajo LGIA.

In accordance with Charter Section 674, subject to City Council approval by ordinance, the Board shall have the power to contract with the United States, or any of its agencies, any state or state agency, and any corporation, public or private, located inside or outside of the City or State of California; for the construction, ownership, operation, and maintenance of facilities for the generation, transformation, and transmission of electric energy. This Office has reviewed the request and recommends approval.

BACKGROUND

On July 1, 2024, the Mayor's Office requested a review of a June 14, 2024 LADWP report and proposed Los Angeles Board of Water and Power Commissioners (Board) Resolution and Ordinance for approval of the Navajo LGIA – Contract No. 54483/DWP No. BP 23-011. The Navajo LGIA is between the Interconnection Customer and the Navajo Participants, including the LADWP. The Navajo LGIA, included in the Attachment, details the many terms of the agreement as well as what is required for the interconnection of the Interconnection Customer's Q255 Project. Some significant Agreement requirements and terms are discussed below as detailed in the attached Agreement.

Parties to and Participants in the Navajo LGIA – The parties to this agreement consist of the Interconnection Customer and the Navajo Participants. The Navajo Participants include:

- City of Los Angeles, acting by and through LADWP
- United States of America, Department of the Interior, Bureau of Reclamation
- Arizona Public Service Company (APS)
- Nevada Power Company d/b/a NV Energy, a Nevada Corporation
- Salt River Project Agricultural Improvement and Power district, an agricultural improvement district organized and existing under the laws of the State of Arizona
- Tucson Electric Power Company formerly known as Tucson Gas and Electric Company, an Arizona Corporation

Proposed Interconnection Agreement – The Navajo LGIA establishes costs, terms, and conditions for the construction, operation, and maintenance of facilities needed for the Interconnection Customer to physically interconnect the firm's 2,000 MW photovoltaic solar generating facility and 2,000 MW Battery Energy Storage System, known as the Q255 Project, to the Navajo 500 kV Switchyard, a component of the Navajo Project. The term of the Navajo LGIA is coterminous with the Navajo CTA thru December 23, 2035, unless it is terminated earlier in accordance with the termination provision of the Agreement. As provided in Navajo LGIA, Article 2.3, concerning early termination, the Agreement shall terminate upon the first of the following events to occur: (a) the termination of the Agreement or any replacement agreement, (b) written agreement of all parties to terminate the Agreement, (c) termination of the Agreement pursuant to Article 20 concerning default, (d) termination of the Agreement pursuant to Article 5.16 concerning suspension of work, and (e) upon no less than 90 calendar days' advance written notice of termination from Interconnection Customer to Operating Agent, APS.

As detailed in Appendix A of Navajo LGIA, requirements for the Interconnection Customer's Q255 Project interconnection to the Navajo 500 KV Switchyard provide that if the Commercial Operation Date is not achieved within the timeframe to be determined by the Operating Agent, the interconnection request will be deemed withdrawn and the Agreement terminated. Appendix A also prohibits the use of the grid to charge the Interconnect Customer's batteries and that actual costs incurred applicable to the maintenance, repair, and replacement of Transmission System Interconnection Facilities are the responsibility of the Interconnection Customer. The Interconnection Customer will be allowed to assign the agreement subject to the provisions of Navajo LGIA Article 22.1 and the provisions of the Navajo CTA.

The proposed interconnection with the Navajo 500 kV Switchyard will take place on land owned by the Navajo tribes, near Page, Arizona approximately 540 miles from Los Angeles. While the Navajo LIGA does not grant LADWP any rights to power generated by the Interconnection Customer, it does permit the Interconnection Customer to place bids to sell power to the interconnected energy market resulting in expanded capacity and reliability to the Navajo Project.

The Interconnection Customer's cost for the required Network Upgrades and Transmission System Interconnection Facilities will be \$7.1 million, as identified in Appendix A of the attached Navajo LGIA. Ownership of the Network Upgrades will be shared by owning Participants based on their current ownership interest in the 500 kV Switchyard which, for the LADWP is 21.2 percent, involving

approximately \$560,000 in ongoing annual expenditures for operation, maintenance and capital improvements. The approval of the proposed Navajo LGIA is not projected to impact LADWP's existing annual costs at the Switchyard.

As a joint owner of the Navajo Project, the City of Los Angeles, acting by and through LADWP, is required to execute the Navajo LGIA as do all other Navajo Participants. Inasmuch as the Federal Energy Regulatory Commission (FERC) does not have jurisdiction over LADWP, FERC acceptance of the Agreement is not applicable or required.

Alternatives Considered – There are currently no alternatives to the Navajo LGIA. The Interconnection Customer will not be able to physically interconnect to the Navajo 500 kV Switchyard without an executed Navajo LGIA.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The LADWP has determined, subject to Board approval, that the item is exempt from CEQA pursuant to Guidelines 15277. In accordance with Guidelines 15277, CEQA does not apply to any project or portion thereof located outside of California which will be subject to environmental impact review pursuant to the National Environmental Policy Act of 1969 (NEPA) or pursuant to a law of that state requiring preparation of a document containing essentially the same points of analysis as in an Environmental Impact Statement prepared under the NEPA. Any emissions or discharges that would have a significant effect on the environment in the State of California are subject to CEQA where a California public agency has authority over the emissions or discharges.

The City Attorney has approved the Navajo LGIA as to form. In accordance with Charter Section 674, the Navajo Q255 LGIA requires City Council approval because power transmission contracts are subject to approval by ordinance. This Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The LADWP has a 21.2 percent ownership interest in the Navajo 500 kV Switchyard and currently pays annual operating, maintenance and capital improvement costs of \$560,000 for the Switchyard based on that ownership percentage. The approval of the proposed Navajo LGIA does not impact the Department's Switchyard ownership percentage or annual operating costs and will therefore have no impact on the Power Revenue Fund. The proposed recommendations comply with LADWP Financial Policies.

MWS:PJH:JVW:IR:JFH:10250046

Attachments – LADWP June 14, 2024 Report; Board Correspondence, Resolution, Interconnection Agreement, and Ordinance



BUILDING A STRONGER L.A.

Karen Bass, Mayor

Board of Commissioners

Richard Katz, President

George S. McGraw, Vice President

Nurit D. Katz

Mia Lehrer

Wilma J. Pinder

Chante L. Mitchell, Secretary

Janisse Quiñones, Chief Executive Officer and Chief Engineer

June 14, 2024

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Mail Stop 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

Subject: Large Generator Interconnection Agreement Between 302PN 8me, LLC and the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), a municipal corporation of the State of California; the United States of America acting through the Secretary of the Interior, Bureau of Reclamation; Arizona Public Service Company (APS); Nevada Power Company d/b/a NV Energy, a Nevada corporation; Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona; and Tucson Electric Power Company, formerly known as Tucson Gas and Electric Company, an Arizona corporation are Navajo Participants in the Navajo Project for Q255 Generator Interconnection Project (Contract No. 54483, DWP No. BP 23-011)

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to Los Angeles City Council of a Large Generator Interconnection Agreement Between 302PN 8me, LLC and the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), a municipal corporation of the State of California; the United States of America acting through the Secretary of the Interior, Bureau of Reclamation; Arizona Public Service Company (APS); Nevada Power Company d/b/a NV Energy, a Nevada corporation; Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona; and Tucson Electric Power Company, formerly known as Tucson Gas and Electric Company, an Arizona corporation are Navajo Participants in the Navajo Project for Q255 Generator Interconnection Project (Contract No. 54483, DWP No. BP 23-011).

The Honorable Karen Bass
Page 2
June 14, 2024

It is respectfully requested that your office complete its review as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Mr. Paul Habib, Interim Director of Legislative and Intergovernmental Affairs, at (213) 367-3846 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,



Janisse Quiñones
Chief Executive Officer and Chief Engineer

RQ:ab

Enclosure

c/enc: Mr. Luis Gutierrez, Office of the Mayor
Dr. Frederick H. Pickel, Office of Public Accountability
Board of Water and Power Commissioners
Mr. Paul Habib



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

SIMON ZEWDU

Senior Assistant General Manager
Power System

ARAM BENYAMIN

Chief Operating Officer

JANISSE QUIÑONES

Chief Executive Officer and Chief Engineer

DATE: June 6, 2024

SUBJECT: Large Generator Interconnection Agreement Between 302PN 8me, LLC and the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), a municipal corporation of the State of California; the United States of America acting through the Secretary of the Interior, Bureau of Reclamation; Arizona Public Service Company (APS); Nevada Power Company d/b/a NV Energy, a Nevada corporation; Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona; and Tucson Electric Power Company, formerly known as Tucson Gas and Electric Company, an Arizona corporation are Navajo Participants in the Navajo Project for Q255 Generator Interconnection Project (Contract No. 54483, DWP No. BP 23-011)

SUMMARY

The proposed Resolution recommends approval of the Large Generator Interconnection Agreement (Navajo LGIA) between the Navajo Participants and 302PN 8me LLC for Q255 Generator Interconnection Project.

The Navajo Participants in this agreement include the following entities:

- LADWP
- United States of America, Secretary of the Interior – Bureau of Reclamation
- Arizona Public Service Company (APS)

- Nevada Power Company
- Salt River Project Agricultural Improvement and Power District
- Tucson Electric Power Company

The Navajo Participants are joint owners in the Navajo Project, consisting of the Navajo Southern Transmission System (STS) and the Navajo Western Transmission System.

The Navajo LGIA authorizes the interconnection of 302PN 8me LLC's (Interconnection Customer) proposed project, designated as Q255 and coordinated by APS as the Operating Agent. This project comprises a 2,000-megawatt (MW) photovoltaic solar generating facility and a 2,000 MW of Battery Energy Storage System. This combined project, hereafter referred to as the "Interconnection Project," will be interconnected to the Navajo 500 kiloVolt (kV) Switchyard which is a part of the Navajo Project.

As one of the co-owners of the Navajo Project, LADWP is obligated to collaborate with the Navajo Participants in reviewing and approving the Navajo LGIA for any interconnection requests seeking to connect generators to the transmission facilities of the Navajo Project.

The Navajo LGIA establishes the costs, terms, and conditions for the construction, operation, and maintenance of the facilities needed for the Interconnection Customer to physically interconnect the Interconnection Project to the Navajo Project. The term of the Navajo LGIA is coterminous with the Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP 19-006 (hereinafter referred to as the Navajo CTA), unless it is terminated earlier in accordance with the termination provisions of the Navajo LGIA.

City Council approval, by ordinance, is required pursuant to the Los Angeles Charter Section 674.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval, by ordinance, of the following, as required in Charter Section 674:

- Execution of the Navajo LGIA.
- Delegation of authority to the Board to act on and approve all future amendments to the Navajo LGIA.

ALTERNATIVES CONSIDERED

A "no project agreement" alternative was considered. However, such an alternative is not feasible without the Navajo LGIA. The Interconnection Customer will not be able to physically interconnect the Interconnection Project without an executed Navajo LGIA.

FINANCIAL INFORMATION

LADWP has a 21.2 percent ownership share in the Navajo 500 kV Switchyard. LADWP's current share of the annual expenditure for the operation, maintenance and capital improvement of the Navajo 500 kV Switchyard is approximately \$560,000 and is not expected to be impacted.

BACKGROUND

The Navajo Participants are joint owners in the Navajo Project, consisting of STS, and the Navajo Western Transmission System. APS is the designated Operating Agent of the Navajo 500 kV Switchyard which is a component of the STS. LADWP is a co-owner of the Navajo Project.

The Navajo LGIA allows for the interconnection of the Interconnection Project to the Navajo Project.

The Navajo LGIA shall remain in effect unless the first of the following events occur: (i) the termination of the Navajo CTA or any replacement agreement thereof; (ii) termination pursuant to Article 5.16 therein; (iii) termination pursuant to Article 20 therein; (iv) written agreement of all parties to terminate; or (v) upon no less than 90 calendar days advance written notice of termination from the Interconnection Customer to the Operating Agent.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report has been requested.

ENVIRONMENTAL DETERMINATION

Determine item is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15277. In accordance with this section, CEQA does not apply to any project or portion thereof located outside of California which will be subject to environmental impact review pursuant to the National Environmental Policy Act of 1969 or pursuant to a law of that state requiring preparation of a document containing essentially the same points of analysis as in an Environmental Impact Statement prepared under the National Environmental Policy Act of 1969. Any emissions or discharges that would have a significant effect on the environment in the State of California are subject to CEQA where a California public agency has authority over the emissions or discharges.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Navajo LGIA and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Navajo LGIA
- Draft Ordinance

WHEREAS, the City of Los Angeles, acting by and through the Department of Water and Power (LADWP), a municipal corporation of the State of California; the United States of America acting through the Secretary of the Interior, Bureau of Reclamation; Arizona Public Service Company (APS); Nevada Power Company d/b/a NV Energy, a Nevada corporation; Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona; and Tucson Electric Power Company, formerly known as Tucson Gas and Electric Company, an Arizona corporation are Navajo Participants in the Navajo Project; and

WHEREAS, pursuant to the terms and conditions of the Amended and Restated Navajo Co-Tenancy Agreement, DWP No. BP 19-006 (Navajo CTA), as it may be amended from time to time, the Navajo Participants are joint owners in the Navajo Project, consisting of the Navajo Southern Transmission System (STS), and the Navajo Western Transmission System; and

WHEREAS, 302PN 8me, LLC, a Delaware limited liability company, herein referred to as Interconnection Customer, submitted an interconnection request to APS, the Operating Agent of STS, to physically interconnect a 2000 megawatt (MW) photovoltaic solar generating facility with a combination of 2,000 MW Battery Energy Storage System to the Navajo 500 kiloVolt Switchyard, a component of the STS (Interconnection Project); and

WHEREAS, the Interconnection Project is not expected to have a negative financial impact on LADWP; and

WHEREAS, the execution of the Large Generator Interconnection Agreement, between the Interconnection Customer and the Navajo Participants for Q255, Contract No. 54483, DWP No. 23-011, (Navajo LGIA) is required for the Interconnection Project; and

WHEREAS, the Navajo LGIA establishes the costs, terms, and conditions for the construction, operation, and maintenance of the facilities needed for the Interconnection Customer to physically interconnect the Interconnection Project to the Navajo Project; and

WHEREAS, the Navajo LGIA shall remain in effect unless the first of the following events occur: (i) the termination of the Navajo CTA or any replacement agreement thereof; (ii) termination pursuant to Article 5.16 therein; (iii) termination pursuant to Article 20 therein; (iv) written agreement of all parties to terminate; or (v) upon no less than 90 calendar days advance written notice of termination from the Interconnection Customer to the Operating Agent.

NOW, THEREFORE, BE IT RESOLVED that the Navajo LGIA, a copy of which is on file with the Secretary of the Board of Water and Power Commissioners (Board) and approved as to form and legality by the City Attorney, be and the same is hereby approved.

BE IT FURTHER RESOLVED that the Board requests that the Los Angeles City Council (City Council) approve, by ordinance, the Navajo LGIA, and authorize the Board to act on and approve all future amendments of said agreement, without further approval by the City Council.

BE IT FURTHER RESOLVED that the President or Vice President of the Board, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board be and they are hereby authorized and directed to execute said Navajo LGIA for and on behalf of the LADWP upon approval of said agreement by the City Council, by ordinance, pursuant to Section 674 of the Charter of the City of Los Angeles.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

Secretary

**Appendix 6 to the Large
Generator Interconnection Procedures**

**LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)**

BETWEEN

302PN 8me LLC

AND

ARIZONA PUBLIC SERVICE COMPANY

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

NEVADA POWER COMPANY

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

TUCSON ELECTRIC POWER COMPANY

THE UNITED STATES OF AMERICA

FOR

**Q255 GENERATOR INTERCONNECTION
PROJECT**

Contract # 54483

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LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS LARGE GENERATOR INTERCONNECTION AGREEMENT (Agreement) is made and entered into this 5th day of June 2023, by and between THE UNITED STATES OF AMERICA, hereinafter referred to as the “United States,” acting through the Secretary of the Interior, a duly appointed successor or a duly authorized representative; ARIZONA PUBLIC SERVICE COMPANY, hereinafter referred to as “APS,” an Arizona corporation; THE CITY OF LOS ANGELES by and through the Department of Water and Power, hereinafter referred to as “LADWP,” a department organized and existing under the Charter of the City of Los Angeles, a municipal corporation of the State of California; NEVADA POWER COMPANY, doing business as NV Energy, hereinafter referred to as “NV Energy,” a Nevada corporation; SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, hereinafter referred to as “Salt River Project” or “SRP,” an agricultural improvement district organized and existing under the laws of the State of Arizona; and TUCSON ELECTRIC POWER COMPANY, hereinafter referred to as “TEP,” formerly known as Tucson Gas & Electric Company, an Arizona corporation; all of the foregoing are sometimes individually referred to as “Participant” and collectively as “Participants,” and 302PN 8me LLC, a Limited Liability Company, organized and existing under the laws of the State of Delaware, hereinafter referred to as “Interconnection Customer,” with a Generating Facility. Interconnection Customer and the Participant(s) each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, the Participants are parties to the Second Amended and Restated Navajo Co-Tenancy Agreement, dated December 21, 2022 (the “Navajo Co-Tenancy Agreement”), as amended from time to time, to establish terms and conditions relating to their interest in and their ownership of the Navajo Project;

WHEREAS, the Participants own and operate the Transmission System pursuant to the Second Amended and Restated Navajo Southern Transmission System Operating Agreement, dated December 21, 2022, as amended from time to time, and the Second Amended and Restated Navajo Western Transmission System Operating Agreement, dated December 21, 2022, as amended from time to time;

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Generating Facility in Appendix C to this Agreement; and

WHEREAS, Interconnection Customer and the Participants have agreed to enter into this Agreement for the purpose of interconnecting the Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used.

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Southern Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity. Notwithstanding anything in this Agreement to the contrary, including without limitation the definition of Affiliate, no provision of this Agreement shall apply to, be binding on, create any liability or otherwise restrict the activities of Berkshire Hathaway Inc. or any of its affiliates (other than Nevada Power Company.)

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Navajo Transmission System, including any Participant's Transmission System in accordance with Good Utility Practice.

ANSI means the American National Standards Institute.

Applicable Laws and Regulations shall mean all duly promulgated, applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected, presently the Western Electricity Coordinating Council ("WECC"), or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of the North American Electric Reliability Corporation ("NERC"), the Applicable Reliability Council, and the Balancing Authority of the Transmission System to which the Generating Facility is directly interconnected.

Balancing Authority shall mean, as such definition may be amended from time to time by NERC, the responsible entity that integrates resource plans ahead of time, maintains load interchange-generation balancing within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area shall mean the collection of generation, transmission and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load resource balance within this area as such definition may be amended from time to time by NERC.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Agreement.

Breaching Party shall mean a Party that is in Breach of the Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Capital Improvements shall have the same meaning as set forth in the Navajo Co-Tenancy Agreement, as may be amended from time to time.

Clustering shall mean the process whereby a group of interconnection requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E.

Common Facilities shall mean those certain facilities of the Transmission System Interconnection Facilities, if any, described in Exhibit 4.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 20.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis, pursuant to Article 30.

Distribution System shall mean any Participant's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to any Participant's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to affect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Large Generator Interconnection Agreement becomes effective upon execution by the Parties, subject to acceptance by FERC, if applicable.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Participant or Operating Agent, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to any Participant's Transmission System, the Transmission System's Interconnection Facilities or the electric systems of others to which the Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or non-firm capacity of the Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (“E&P”) Agreement shall mean an agreement that authorizes the Operating Agent to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (sometimes referred to as “Commission”) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party’s control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer’s device for the production and/or storage for later injection of electricity having a Generating Facility Capacity of more than 20 MW and identified in the Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal or other governmental authority having jurisdiction over a Party, its respective facilities, or the respective services it provides, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

IEEE means Institute of Electrical and Electronic Engineers.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission System's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including any Participant or any of the Affiliates or subsidiaries thereof, that proposes to interconnect a Generating Facility with the Transmission System.

Interconnection Customer's Interconnection Facilities ("ICIF") shall mean all facilities and equipment, as identified in Appendix A, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission System's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Interconnection Customer, Operating Agent or a third party consultant to determine a list of facilities (including the Transmission System Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility to the Transmission System. The scope of the study is defined in Section 8 of the Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 3 of the Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Request shall mean the Interconnection Customer's request submitted to the Operating Agent on May 12, 2017.

Interconnection Service shall mean the service provided by the Participants associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of this Agreement. Interconnection Service does not convey transmission service.

Interconnection Study shall mean any of the following studies: the Interconnection System Impact Study, and the Interconnection Facilities Study.

Interconnection System Impact Study shall mean a technical and engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission System and, if applicable, an Affected System. The study shall identify a list of facilities (including Transmission System Interconnection Facilities and Network Upgrades) to interconnect the Generating Facility, a good faith estimate of the cost of those facilities, and a good faith estimate of the time required to interconnect the Generating Facility with the Transmission System.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 2 of the Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Legal and Negotiating Committee (“L&N Committee”) shall mean and refer to all members of the ad hoc Transmission System Legal and Negotiating Committee.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility at the metering points identified pursuant to the Large Generator Interconnection Agreement. Metering equipment connect points may include, but are not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Corporation or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer’s Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission System (1) in a manner comparable to that in which the Operating Agent integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission System to accommodate the interconnection of the Generating Facility to the Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Large Generator Interconnection Agreement or its performance.

Open Access Same-Time Information System (“OASIS”) shall mean the information system posted on the internet as maintained by Participant(s) in accordance with FERC regulations as appropriate.

Operating Agent shall have the same meaning as set forth in the Navajo Co-Tenancy Agreement, as may be amended from time to time.

Operating Agreement shall have the same meaning as set forth in the Amended and Restated Navajo Southern Transmission System Operating Agreement, and the Amended and Restated Navajo Western Transmission System Operating Agreement, as may be amended from time to time.

Operating Committee shall be a group made of representatives from Interconnection Customer and the Operating Agent of the applicable Transmission System to coordinate operating and technical considerations of Interconnection Service.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean the Operating Agent, Participant(s), Interconnection Customer(s), or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A, where the Interconnection Customer's Interconnection Facilities connect to the Transmission System's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A, where the Interconnection Facilities connect to the Transmission System.

Power System Stabilizers shall have the same meaning as set forth in Section 5.4.

Project Agreements shall have the same meaning as set forth in the Navajo Co-Tenancy Agreement, as may be amended from time to time.

Provisional Interconnection Service shall mean Interconnection Service provided by Participant(s) associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission System and enabling the Transmission System to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Provisional Large Generator Interconnection Agreement.

Provisional Large Generator Interconnection Agreement shall mean the interconnection agreement for Provisional Interconnection Service established between Participant(s) and the Interconnection Customer. This agreement shall take the form of the Large Generator Interconnection Agreement, modified for provisional purposes.

Reasonable Efforts shall mean efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Remote Terminal Unit shall have the same meaning as set forth in Section 8.2.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Operating Agent conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Southern Transmission System shall have the same meaning as set forth in the Navajo Co-Tenancy Agreement, as may be amended from time to time.

Stand Alone Network Upgrades shall mean Network Upgrades that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Participants and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Large Generator Interconnection Agreement. If the Participants and Interconnection Customer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Operating Agent must provide the Interconnection Customer a written technical explanation outlining why the Participants do not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of the Participant's determination or as soon as practicable.

Surplus Interconnection Service shall mean any unneeded portion of Interconnection Service established in a Large Generator Interconnection Agreement, such that if Surplus Interconnection Service is utilized the total amount of Interconnection Service at the Point of Interconnection would remain the same.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission System or on other delivery systems or other generating systems to which the Transmission System is directly connected.

Transmission Engineering & Operating Committee ("E&O Committee") shall mean a committee establish pursuant to the Navajo Co-Tenancy Agreement to exercise the functions described in the Project Agreements.

Transmission System shall mean the facilities owned, controlled or operated by the Participants as described in Exhibit B of the Amended and Restated Navajo Co-Tenancy Agreement which may be amended from time to time.

Transmission System Interconnection Facilities shall mean all facilities and equipment owned, by the Participants and controlled or operated, as applicable, by the Participants from the Point of Change of Ownership to the Point of Interconnection as identified in Appendices A and C to this Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission System Interconnection Facilities are comprised of two types of facilities: facilities used exclusively by Interconnection Customer and facilities, which may be used in common by both Interconnection Customer and third parties. Transmission System Interconnection Facilities shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System Participants ("Participants") shall mean Arizona Public Service Company ("APS"), Department of Water and Power of the City of Los Angeles ("LADWP"), Nevada Power Company ("NV Energy"), Salt River Project Agricultural Improvement and Power District ("SRP"), Tucson Electric Power Company ("TEP"), the United States of America Department of the Interior Bureau of Reclamation ("USBR").

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Variable Energy Resource shall mean a device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

Western Arizona Transmission Studies Task Force (“WATS”) shall mean the Western Arizona Transmission Studies Task Force a regional transmission planning committee.

Western Transmission System shall have the same mean as set forth in the Navajo Co-Tenancy Agreement, as may be amended from time to time.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date.

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC, if applicable. Those Participants who are FERC jurisdictional shall promptly file this Agreement with FERC upon execution in accordance with Article 3.1 herein, if required.

2.2 Term of Agreement.

This Agreement shall remain in effect unless and until terminated for in Article 2.3 herein.

2.3 Termination Procedures.

2.3.1 This Agreement shall terminate upon the first of the following events to occur: (i) the termination of the Navajo Co-Tenancy Agreement or any replacement agreement, as described below; (ii) written agreement of all Parties to terminate this Agreement; (iii) termination of this Agreement pursuant to Article 20 herein; (iv) termination of this Agreement pursuant to Article 5.16 herein; and (v) upon no less than ninety (90) Calendar Days advance written notice of termination from Interconnection Customer to Operating Agent. Notwithstanding the foregoing to the contrary, the Navajo Co-Tenancy Agreement may be replaced by a new agreement among the Participants that provides for the operation of the Transmission System in substantially the same manner as on the Interconnection Facilities In-Service Date, in which case the implementation of such replacement agreement shall not be deemed to trigger a termination of this Agreement.

2.3.2 Prior to the termination of this Agreement by termination of the Navajo Co-Tenancy Agreement, the Participants agree to negotiate in good faith with Interconnection Customer and to proceed with due diligence to develop a replacement agreement which provides similar benefits to the Parties under substantially the same terms and conditions as this Agreement.

2.3.3 Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until each Party has complied with its Applicable Laws and Regulations applicable to such termination, including, if necessary, the filing with FERC of a notice of termination of this Agreement, which notice has been accepted for filing by FERC.

2.4 Termination Costs.

If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by another Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this

Agreement. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination.

2.4.1 With respect to any portion of Transmission System Interconnection Facilities that have not yet been constructed or installed, Operating Agent for that section of the Transmission System where the Interconnection seeks to electrically interconnect, shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders for, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Operating Agent shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Operating Agent for any or all such costs of materials or equipment not taken by Interconnection Customer, Operating Agent shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Operating Agent to cancel any pending orders of or return such materials, equipment, or contracts.

If Interconnection Customer terminates this Agreement, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which Operating Agent has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Operating Agent may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Operating Agent shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this Agreement, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection.

Upon termination of this Agreement, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or the non-terminating Party otherwise is responsible for these costs under this Agreement.

2.6 Survival.

This Agreement shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this Agreement; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect; and to permit each Party to have access to the lands of the other Parties pursuant to this Agreement or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

3.1 Filings.

Each Participant shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. Any Party may request that any information so provided be subject to the confidentiality provisions of Article 25 herein. The Parties shall reasonably cooperate with respect to any such filing and provide any information reasonably requested by any Party needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

4.1 Interconnection Product Options.

Interconnection Customer has selected the following (checked) type of Interconnection Service:

☒ **4.1.1 Energy Resource Interconnection Service**

4.1.1.1 The Product. Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Operating Agent shall construct facilities identified in Attachment A.

4.1.1.2 Transmission Delivery Service Implications. Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large Generating Facility into and deliver power across the interconnecting Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISO-NE, NYISO), Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-to-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to the Participant's tariff selected by the Interconnection Customer, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of the Participant's tariff selected by the Interconnection Customer. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on each Participant's existing capacity on the Southern Transmission System at such time as a

transmission service request is made that would accommodate such delivery. The provision of firm Point-to-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

□ **4.1.2 Network Resource Interconnection Service.**

4.1.2.1 The Product. Operating Agent must conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Operating Agent integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Operating Agent shall construct the facilities identified in Attachment A to this Agreement.

4.1.2.2 Transmission Delivery Service Implications. Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer on the Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-to-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the

Transmission System without incurring congestion costs. In the event of transmission constraints on the Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in the Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to the LGIP.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within the Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside the Transmission System, such request may require additional studies and upgrades in order for Operating Agent to grant such request.

4.2 Provision of Service.

The Participants, through the Operating Agent, shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.

4.3 Performance Standards.

Each Party shall perform all of its obligations under this Agreement in accordance with its Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its compliance therewith.

4.4 No Transmission Delivery Service.

The execution of this Agreement does not constitute a request for, nor the provision of, any transmission delivery service under any Participant's open access transmission Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.

4.5 Interconnection Customer Provided Services.

The services provided by Interconnection Customer under this Agreement are set forth in Article 9.6 and Article 11.6.1 herein. Interconnection Customer shall be paid for such services in accordance with Article 9.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

5.1 Options.

Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either the Standard Option or Alternate Option set forth below, and such dates and selected option shall be set forth in Appendix B, Milestones. At the same time, Interconnection Customer shall indicate whether it elects to exercise the Option to Build set forth in Article 5.1.3 below. If the dates designated by Interconnection Customer are not acceptable to the Participants, Operating Agent shall so notify Interconnection Customer within thirty (30) Calendar Days. Upon receipt of the notification that Interconnection Customer's designated dates are not acceptable to the Participants, the Interconnection Customer shall notify Operating Agent within thirty (30) Calendar Days whether it elects to exercise the Option to Build if it has not already elected to exercise the Option to Build.

5.1.1 Standard Option. Operating Agent shall design, procure, and construct Transmission System Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission System Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Operating Agent shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Operating Agent reasonably expects that it will not be able to complete Transmission System Interconnection Facilities and Network Upgrades by the specified dates, Operating Agent shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to the Participants, Operating Agent shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Transmission System Interconnection Facilities by the designated dates.

If Operating Agent subsequently fails to complete Transmission System Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; APS, NV Energy and TEP shall pay Interconnection Customer liquidated damages proportional to their ownership percentages in the Network Upgrades and Transmission System. Interconnection Facilities as identified in the Navajo Co-Tenancy Agreement and in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment. LADWP, SRP, and the United States shall not pay liquidated damages associated with the Network Upgrades and Transmission System Interconnection Facilities.

5.1.3 Option to Build. Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. The Participants and Operating Agent and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the dates designated by Interconnection Customer are not acceptable to the Participants, the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of all facilities other than Transmission System Interconnection Facilities and Stand Alone Network Upgrades if the Interconnection Customer elects to exercise the Option to Build under Article 5.1.3). If the Parties are unable to reach agreement on such terms and conditions, then pursuant to Article 5.1.1 (Standard Option), Operating Agent shall assume responsibility for the design, procurement and construction of all facilities other than Transmission System Interconnection Facilities and Stand Alone Network Upgrades if the Interconnection Customer elects to exercise the Option to Build.

5.2 General Conditions Applicable to Option to Build.

If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades,

(1) Interconnection Customer shall engineer, procure equipment, and construct Transmission System Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Operating Agent;

(2) Interconnection Customer's engineering, procurement and construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law and Applicable Reliability Standards to which Operating Agent would be subject in the engineering, procurement or construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades;

(3) the Participants shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Operating Agent a schedule for construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Operating Agent;

(5) at any time during construction, Operating Agent shall have the right to gain unrestricted access to Transmission System Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Operating Agent, Interconnection

Customer shall be obligated to remedy deficiencies in that portion of Transmission System Interconnection Facilities and Stand Alone Network Upgrades;

(7) Interconnection Customer shall indemnify the Participants for claims arising from Interconnection Customer's construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 22.1 Indemnity;

(8) Interconnection Customer shall transfer control of Transmission System Interconnection Facilities and Stand Alone Network Upgrades to Operating Agent;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission System Interconnection Facilities and Stand-Alone Network Upgrades to the Participants based on the applicable Participant ownership percentages identified in the Navajo Co-Tenancy Agreement or as otherwise agreed to in writing by the Participant(s);

(10) Participants shall approve and accept for operation and maintenance Transmission System Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2;

(11) Interconnection Customer shall deliver to Operating Agent "as-built" drawings, information, and any other documents that are reasonably required by Operating Agent to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by the Participants; and

(12) If Interconnection Customer exercises the Option to Build pursuant to Article 5.1.3, Interconnection Customer shall pay Operating Agent the agreed upon amount of [\$ PLACEHOLDER] for Operating Agent to execute the responsibilities enumerated to Operating Agent under Article 5.2. Operating Agent shall invoice Interconnection Customer for this total amount to be divided on a monthly basis pursuant to Article 15.

5.3 Liquidated Damages.

The actual damages to Interconnection Customer, in the event Transmission System Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Operating Agent pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by the Participants to Interconnection Customer in the event that Operating Agent does not complete any portion of Transmission System Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost of Transmission System Interconnection Facilities and Network Upgrades, in the aggregate, for which Participants have assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission System Interconnection Facilities and Network Upgrades for which the Participants have assumed responsibility to design, procure, and construct. The foregoing payments will be made by the Participants to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure

performance of this Agreement. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Operating Agent's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Transmission System Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission System Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Operating Agent's delay; (2) Operating Agent's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with the Participants or any cause beyond Operating Agent's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission System Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

Liquidated damages shall be paid by FERC jurisdictional utilities (APS, NV Energy and TEP) proportional to their ownership percentages in the Network Upgrades and Transmission System Interconnection Facilities identified in the Navajo Co-Tenancy Agreement. LADWP, SRP, and the United States shall not pay liquidated damages.

5.4 Power System Stabilizers.

The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers, which includes synchronous machines, in accordance with the guidelines and procedures established by the Applicable Reliability Council. Operating Agent reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Generating Facility. If the Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Operating Agent's system operator, or its designated representative. The requirements of this paragraph shall not apply to inverted based generators.

5.5 Equipment Procurement.

If responsibility for construction of Transmission System Interconnection Facilities or Network Upgrades is to be borne by the Participants, then Operating Agent shall commence design of Transmission System Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 Operating Agent has completed the Interconnection Facilities Study pursuant to the Interconnection Facilities Study Agreement;

5.5.2 Operating Agent has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 Interconnection Customer has provided security to Operating Agent in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement.

Operating Agent shall commence construction of Transmission System Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

- 5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;
- 5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Transmission System Interconnection Facilities and Network Upgrades;
- 5.6.3** Operating Agent has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.6.4** Interconnection Customer has provided security to Operating Agent in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.7 Work Progress.

The Operating Agent and Interconnection Customer will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. A Party may, at any time, request a progress report from another Party. If, at any time, Interconnection Customer determines that the completion of Transmission System Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Operating Agent of such later date upon which the completion of Transmission System Interconnection Facilities will be required.

5.8 Information Exchange.

As soon as reasonably practicable after the Effective Date of this Agreement, Operating Agent and Interconnection Customer shall exchange information regarding the design and compatibility of the Parties' respective Interconnection Facilities and compatibility of the Interconnection Facilities with the Transmission System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Other Interconnection Options.

- 5.9.1 Limited Operation.** If any of the Transmission System Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Generating Facility, Operating Agent shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Transmission System Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this Agreement. Operating Agent shall permit Interconnection Customer to operate the Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.
- 5.9.2 Provisional Interconnection Service.** Upon the request of Interconnection Customer, and prior to completion of requisite Interconnection Facilities, Network Upgrades, Distribution Upgrades, or System Protection Facilities, the Participants may execute a Provisional Large

Generator Interconnection Agreement for limited Interconnection Service at the discretion of Participants based upon an evaluation that will consider the results of available studies. Participants shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if Interconnection Customer interconnects without modifications to the Generating Facility or Transmission System. Participants shall determine whether any Interconnection Facilities, Network Upgrades, Distribution Upgrades, or System Protection Facilities that are necessary to meet the requirements of NERC, or any applicable Regional Entity for the interconnection of a new, modified and/or expanded Generating Facility are in place prior to the commencement of Interconnection Service from the Generating Facility. Where available studies indicate that such, Interconnection Facilities, Network Upgrades, Distribution Upgrades, and/or System Protection Facilities that are required for the interconnection of a new, modified and/or expanded Generating Facility are not currently in place, Participants will perform a study, at the Interconnection Customer's expense, to confirm the facilities that are required for Provisional Interconnection Service. The maximum permissible output of the Generating Facility in the Provisional Large Generator Interconnection Agreement shall be studied and updated every time: (1) an Interconnection System Impact Study is completed for an Interconnection Request with a Point of Interconnection that is electrically proximate to the Point of Interconnection for the existing Provisional Interconnection Service; or (2) a reliability study is completed for a portion of the Transmission System that is electrically proximate to the Point of Interconnection of the existing Provisional Interconnection Service. Interconnection Customer assumes all risk and liabilities with respect to changes between the Provisional Large Generator Interconnection Agreement and the Large Generator Interconnection Agreement, including changes in output limits and Interconnection Facilities, Network Upgrades, Distribution Upgrades, and/or System Protection Facilities cost responsibilities.

5.10 Interconnection Customer's Interconnection Facilities ('ICIF').

Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A to this Agreement.

5.10.1 Interconnection Customer's Interconnection Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including its respective System Protection Facilities, to Operating Agent at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Operating Agent shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of the Transmission System and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

Notwithstanding the foregoing, Interconnection Customer shall procure, install, maintain, and operate its respective System Protection Facilities in accordance with the guidelines and procedures established by the Applicable Laws and Regulations. Operating Agent reserves the right to reasonably establish minimum acceptable settings for any installed System Protection Facilities, subject to the design and operating limitations of the Generating Facility. If the Generating Facility's System Protection Facilities are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Operating Agent. The requirements of this paragraph shall apply to wind generators.

5.10.2 Operating Agent's Review. Operating Agent's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Operating Agent, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission System.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Operating Agent "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Generating Facility. The Interconnection Customer shall provide Operating Agent with specifications for the excitation system, automatic voltage regulator, Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Transmission System Interconnection Facilities Construction.

Transmission System Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Operating Agent shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission System Interconnection Facilities [include appropriate drawings and relay diagrams].

Participants will obtain control of Transmission System Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

5.12 Access Rights.

Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Generating Facility with the Transmission System; (ii) operate and maintain the Generating Facility and, the Interconnection Facilities; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this Agreement. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with the normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

5.13 Lands of Other Property Owners.

If any part of the Transmission System Interconnection Facilities, Stand Alone Network Upgrades, and/or Network Upgrades to be installed on property owned by persons other than the Interconnection Customer or the Participants, Operating Agent shall, on behalf of the Participants and at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with federal, state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission System Interconnection Facilities, Stand Alone Network Upgrades, and/or Network Upgrades upon such property.

5.14 Permits.

This Agreement shall specify in the Appendices the allocation of the responsibilities of Operating Agent and Interconnection Customer to obtain all permits, licenses, and authorizations necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. Operating Agent and Interconnection Customer shall cooperate with each other in good faith to obtain any such permits, licenses and authorizations. With respect to this paragraph, Operating Agent shall provide, at Interconnection Customer's expense, permitting assistance to that provided to the Participant(s) own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities.

Interconnection Customer may request Operating Agent to construct, and Operating Agent shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System with such Network Upgrades being those which are included in the Base Case of the Interconnection Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

5.16 Suspension.

Interconnection Customer reserves the right, upon written notice to Operating Agent, to suspend at any time all work by Operating Agent associated with the construction and installation of Transmission System Interconnection Facilities and/or Network Upgrades required under this Agreement with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Operating Agent's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Operating Agent (i) has incurred pursuant to this Agreement prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Operating Agent cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Operating Agent shall obtain Interconnection Customer's authorization to do so.

Operating Agent shall invoice Interconnection Customer for such costs pursuant to Article 15 herein and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Operating Agent required under this Agreement pursuant to this Article 5.16, and has not requested Operating Agent to recommence the work required under this Agreement on or before the expiration of three (3) years following commencement of such suspension, this

Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Operating Agent, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by Interconnection Customer to the Participants for the installation of the Transmission System Interconnection Facilities and Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws, including any applicable laws for the Participants which are municipal entities.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2016-36, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System (i.e. at the busbar on the Interconnection Customer's end of the intertie), (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to the Participants for the Transmission System Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of the Transmission System Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 2016-36, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Generating Facility. For this purpose, "de minimis amount" means no more than five percent of the total power flows in both directions, calculated in accordance with the "five percent test" set forth in IRS Notice 2016-36. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Operating Agent's request, Interconnection Customer shall provide Operating Agent with a report from an independent engineer confirming its representation in clause (iii), above. Each Participant represents and covenants that the cost of Transmission System Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which its respective rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Participants. Notwithstanding Article 5.17.1, herein, Interconnection Customer shall protect, indemnify and hold harmless the Participants from the cost consequences of any current tax liability imposed against the Participants as the result of payments or property transfers made by Interconnection Customer to the Participants under this Agreement, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Operating Agent or the Participants.

Operating Agent shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this Agreement unless (i) the Participants have determined, in good faith, that the payments or property transfers made by Interconnection Customer to the Participants should be reported as income subject to taxation or (ii) any Governmental Authority directs the Participants to report payments or property as income subject to taxation; provided, however, that Operating Agent may

require Interconnection Customer to provide security for the Interconnection Facilities, in a form reasonably acceptable to Operating Agent (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17 herein. Interconnection Customer shall reimburse for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Operating Agent of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Operating Agent upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17 herein.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Operating Agent, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on any Participant ("Current Taxes") on the excess of (a) the gross income realized by any such Participant(s) as a result of payments or property transfers made by Interconnection Customer under this Agreement (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit the Participant(s) to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1). Any such payments received by Operating Agent shall be distributed to the affected Participants.

For this purpose, for each Participant (i) Current Taxes shall be computed as to the Participant's share of payments or property transfers received based on the Participant's composite federal and state tax rates at the time the payments or property transfers are received and any such Participant(s) will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Participant(s) anticipated tax depreciation deductions as a result of its share of such payments or property transfers by such Participant(s) current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Operating Agent and/or each affected Participant pursuant to this Article 5.17 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A to this Agreement.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, any, or all of the Participant(s), shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to the Participant(s) under this Agreement are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's

knowledge. The Participant(s) and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

The affected Participant(s) shall keep Interconnection Customer and the other Participants fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. The Participant(s) shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten years from the date on which the relevant Transmission System Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2 herein, (ii) a “disqualification event” occurs within the meaning of IRS Notice 2016-36, or (iii) this Agreement terminates and the Participants retain ownership of the Interconnection Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on any Participant(s), calculated using the methodology described in Article 5.17.4 herein and in accordance with IRS Notice 2016-36.

5.17.7 Contests. In the event any Governmental Authority determines that any Participant’s receipt of payments or property constitutes income that is subject to taxation, Operating Agent upon notification from such Participant(s) shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer’s sole expense, Operating Agent or affected Participant(s), as permissible, may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer’s written request and sole expense, Operating Agent or applicable Participants, as permissible, may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. The affected Participant(s) reserve the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but such Participant(s) through Operating Agent shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Operating Agent on a periodic basis, as invoiced by Operating Agent, the affected Participant’s documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. Any such payments received by Operating Agent shall be distributed to the affected Participants based on such Participant’s documented reasonable costs. At any time during the contest, the affected Participant(s) may agree to a settlement either with Interconnection Customer’s consent or after obtaining written advice from nationally-recognized tax counsel, selected by the affected Participant(s), but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer’s obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected

under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify the Participant(s) for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to the affected Participant(s) which holds that any amount paid or the value of any property transferred by Interconnection Customer to the affected Participant(s) under the terms of this Agreement is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to the Participant(s) in good faith that any amount paid or the value of any property transferred by Interconnection Customer to affected Participant(s) under the terms of this Agreement is not taxable to the affected Participant(s), (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to the affected Participant(s) are not subject to federal income tax, or (d) if such affected Participant(s) receive a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to such affected Participant(s) pursuant to this Agreement, the Participant(s) through Operating Agent, as appropriate shall promptly refund to Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

- (ii) interest on any amount paid by Interconnection Customer to the affected Participant(s) for such taxes which such Participant(s) did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date such Participant, through Operating Agent refunds such payment to Interconnection Customer, and

- (iii) with respect to any such taxes paid by the Participant(s), any refund or credit an affected Participant(s) receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to the Participant(s) for such overpayment of taxes (including any reduction in interest otherwise payable by such Participant to any Governmental Authority resulting from an offset or credit); provided, however, that the Participant(s) will remit such amount promptly to Interconnection Customer, through Operating Agent, only after and to the extent that such Participant(s) has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission System Interconnection Facilities.

In the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, the intent of this provision is to leave the Parties, to the extent practicable, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, the Participant(s) may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against such Participants for which Interconnection Customer may be required to reimburse under the terms of this Agreement. Interconnection Customer shall pay to the Participant(s), through Operating Agent, on a periodic basis, as invoiced by Operating Agent or affected Participant(s), the Participant's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and the Participant(s) shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to the Participant(s) for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Participant(s).

5.18 Tax Status.

Each Party shall cooperate with the other Parties to maintain each Party's tax status. Nothing in this Agreement is intended to adversely affect any Participant's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. As used in this Agreement, the term "local furnishing bonds" refers to tax-exempt bonds: (1) used to finance facilities for the local furnishing of electric energy, as described in Section 142(f) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of predecessor statutes; or (2) issued by any Participants.

5.19 Modification.

5.19.1 General. Operating Agent, on behalf of the Participants, may undertake modifications to the Transmission System. Interconnection may undertake modifications to its facilities. If Operating Agent plans to undertake a modification that reasonably may be expected to affect the Interconnection Customer's facilities, Operating Agent shall provide to Interconnection Customer sufficient information regarding such modification so that Interconnection Customer may evaluate the potential impact of such modification prior to commencement of the work. If Interconnection Customer plans to undertake a modification that reasonably may be expected to affect the Transmission System, Interconnection Customer shall provide to Operating Agent sufficient information regarding such modification so that Operating Agent may evaluate the potential impact of such modification prior to the commencement of the work. Such information provided by either Operating Agent or Interconnection Customer shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Operating Agent shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission System

Interconnection Facilities or Network Upgrades necessitated by Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this Agreement, all Applicable Reliability Standards, and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that the Participants make to the Transmission System Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to the Transmission System Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under a Participant's tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

6.1 Pre-Commercial Operation Date Testing and Modifications.

Prior to the Commercial Operation Date, Operating Agent shall test the Transmission System Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Operating Agent and Interconnection Customer shall each make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications.

Operating Agent and Interconnection Customer shall at each's own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Generating Facility with the Transmission System in a safe and reliable manner. Operating Agent and Interconnection Customer shall each have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

6.3 Right to Observe Testing.

Operating Agent and Interconnection shall each notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.

6.4 Right to Inspect.

Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon

reasonable notice to the other Parties. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated as such pursuant to Article 25 herein.

Article 7. Metering

7.1 General.

Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Operating Agent shall install Metering Equipment at the Point of Interconnection prior to any operation of the Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Generating Facility shall be measured at or, at Operating Agent's option, compensated to, the Point of Interconnection. Operating Agent shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

7.2 Check Meters.

Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check the meters installed by Operating Agent. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this Agreement, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Operating Agent or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

7.3 Standards.

Operating Agent shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.

7.4 Testing of Metering Equipment.

Operating Agent shall inspect and test all Participant-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Operating Agent shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Operating Agent shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Operating Agent's failure to maintain, then Operating Agent shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Operating Agent shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.

7.5 Metering Data.

At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Operating Agent and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Generating Facility to the Point of Interconnection.

Article 8. Communications

8.1 Interconnection Customer Obligations.

Interconnection Customer shall maintain satisfactory operating communications with Operating Agent's Transmission System dispatcher or representative designated by Operating Agent. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Operating Agent as set forth in Appendix D to this Agreement. The data circuit(s) shall extend from the Generating Facility to the location(s) specified by Operating Agent. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit.

Prior to the Initial Synchronization Date of the Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Operating Agent at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Operating Agent through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Operating Agent. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Operating Agent.

Operating Agent and Interconnection Customer shall each promptly advise the other if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 No Annexation.

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

8.4 Provision of Data from a Variable Energy Resource.

The Interconnection Customer whose Generating Facility is a Variable Energy Resource shall provide meteorological and forced outage data to the Operating Agent to the extent necessary for the Operating Agent's development and deployment of power production forecasts for that class of Variable Energy Resources. The Interconnection Customer with a Variable Energy Resource having wind as the energy source, at a minimum, will be required to provide the Operating Agent with site-specific meteorological data including: temperature, wind speed, wind direction, and atmospheric pressure. The Interconnection Customer with a Variable Energy Resource having solar as the energy

source, at a minimum, will be required to provide the Operating Agent with site-specific meteorological data including: temperature, atmospheric pressure, and irradiance. The Operating and Interconnection Customer whose Generating Facility is a Variable Energy Resource shall mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. The Interconnection Customer whose Generating Facility is a Variable Energy Resource also shall submit data to the Operating Agent regarding all forced outages to the extent necessary for the Operating Agent's development and deployment of power production forecasts for that class of Variable Energy Resources. The exact specifications of the meteorological and forced outage data to be provided by the Interconnection Customer to the Operating Agent, including the frequency and timing of data submittals, shall be made taking into account the size and configuration of the Variable Energy Resource, its characteristics, location, and its importance in maintaining generation resource adequacy and transmission system reliability in its area. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Operating Agent. Such requirements for meteorological and forced outage data are set forth in Appendix C of this Agreement, as they may change from time to time.

Article 9. Operations

9.1 General.

Operating Agent and Interconnection shall each comply with the Applicable Reliability Council requirements. Operating Agent and Interconnection Customer shall each provide to the other all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 Balancing Authority Area Notification.

At least four months before Initial Synchronization Date, Interconnection Customer shall notify Operating Agent in writing of the Balancing Authority Area in which the Generating Facility will be located. All necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this Agreement, and Balancing Authority Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Generating Facility in the selected Balancing Authority Area.

9.3 Operating Agent Obligations.

Operating Agent shall cause the Transmission System Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this Agreement and the Operating Agreement. Operating Agent may provide operating instructions to Interconnection Customer consistent with this Agreement, the Operating Agreement, and Operating Agent's operating protocols and procedures as they may change from time to time. Operating Agent will consider changes to its operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations.

Interconnection Customer, shall at its own expense, operate, maintain and control the Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this Agreement. Interconnection Customer shall operate the Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Balancing Authority Area of which it is part; as such requirements are set forth in Appendix C to this Agreement. Appendix C to this Agreement will be modified to reflect changes to the requirements as they may change from time to time.

9.5 Start-Up and Synchronization.

Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Generating Facility to the Transmission System.

9.6 Reactive Power and Primary Frequency Response.

9.6.1 Power Factor Design Criteria

9.6.1.1 Synchronous Generation. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at a power factor at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Operating Agent has established different requirements that apply to all interconnected generators on a comparable basis.

9.6.1.2 Non-Synchronous Generation. Interconnection Customer shall design the Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Operating Agent has established a different power factor range that applies to all non-synchronous generators in the Balancing Authority Area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of the effective date of the Final Rule establishing this requirement (Order No. 827).

9.6.2 Voltage Schedules. Once Interconnection Customer has synchronized the Generating Facility to the Transmission System, Operating Agent shall require Interconnection Customer to operate the Generating Facility to produce or absorb reactive power within the design limitations of the Generating Facility set forth in Article 9.6.1. Operating Agent's voltage schedules shall treat all sources of reactive power in the Balancing Authority Area in an equitable and not unduly discriminatory manner. Operating Agent shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 herein. If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the Operating Agent.

9.6.2.1 Voltage Regulators. Whenever the Generating Facility is operated in parallel with the Transmission System and voltage regulators are capable of operation, Interconnection Customer shall operate the Generating Facility with its voltage regulators in automatic operation. If the Generating Facility's voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Operating Agent and ensure that such Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Generating Facility to disconnect automatically or instantaneously from the Transmission System or

trip any generating unit comprising the Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the applicable Balancing Authority Area on a comparable basis.

9.6.3 Payment for Reactive Power. Operating Agent is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Generating Facility only in those instances when Operating Agent requests Interconnection Customer to operate its Generating Facility outside the agreed upon range specified in Article 9.6.1 of this Agreement, provided that if Operating Agent pays its own or affiliated generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 herein or such other agreement to which the Parties have otherwise agreed.

9.6.4 Primary Frequency Response. Interconnection Customer shall ensure the primary frequency response capability of its Large Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term “functioning governor or equivalent controls” as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Large Generating Facility’s real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations.

Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and ± 0.036 Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved NERC Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Large Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based on an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Large Generating Facility’s real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Large Generating Facility’s real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify Operating Agent that the primary frequency response capability of the Large Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Interconnection Customer shall operate the Large Generating Facility consistent with the provisions specified in Sections 9.6.4.1 and 9.6.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Large Generating Facilities.

9.6.4.1 Governor or Equivalent Controls. Whenever the Large Generating Facility is operated in parallel with the Transmission System, Interconnection Customer shall operate the Large Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with Operating Agent and/or the relevant balancing authority, set the deadband parameter to: (1) a maximum of ± 0.036 Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved NERC Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor or equivalent controls to Operating Agent and/or the relevant balancing authority upon request. If Interconnection Customer needs to operate the Large Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify Operating Agent and the relevant balancing authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Large Generating Facility's governor or equivalent controls to a minimum whenever the Large Generating Facility is operated in parallel with the Transmission System.

9.6.4.2 Timely and Sustained Response. Interconnection Customer shall ensure that the Large Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Large Generating Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Large Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. A Commission-approved Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

9.6.4.3 Exemptions. Large Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Sections 9.6.4, 9.6.4.1, and 9.6.4.2 of this Agreement. Large Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Section 9.6.4, but shall be otherwise exempt from the operating requirements in Sections 9.6.4, 9.6.4.1, 9.6.4.2, and 9.6.4.4 of this Agreement.

9.6.4.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Appendix C of this Agreement that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Sections 9.6.4, 9.6.4.1, 9.6.4.2 and 9.6.4.3 of this Agreement. Appendix C shall specify whether the operating range is static or dynamic, and shall consider (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by the Participants and Interconnection Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate. If the operating range is dynamic, then Appendix C must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Section 9.6.4.2 of this Agreement when it is online and dispatched to inject electricity to the Transmission System and/or receive electricity from the Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Transmission System and/or dispatched to receive electricity from the Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Operating Agent and Interconnection Customer may each, in accordance with Good Utility Practice and in coordination with the other Party, remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal. Notwithstanding the foregoing, Operating Agent, in all circumstances, retains ultimate authority to deny any non-Emergency Condition removal from service.

9.7.1.2 Outage Schedules. Operating Agent shall post scheduled outages on the portion of the Transmission System for which it is responsible on its OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Generating Facility to Operating Agent for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Operating Agent may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability. Operating Agent shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Operating Agent's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on Interconnection Facilities or Network Upgrades owned or controlled by a Party adversely affects another Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Party whose operations or facilities are adversely affected, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, Operating Agent may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Operating Agent's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, the Operating Agent shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Operating Agent shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Operating Agent shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and the Transmission System; and

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Generating Facility as required by the Applicable Reliability Council to ensure “ride through” capability of the Transmission System. The Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Operating Agent in accordance with Good Utility Practice. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain its respective System Protection Facilities as a part of the Generating Facility or Interconnection Customer’s Interconnection Facilities. Operating Agent shall install at Interconnection Customer’s expense any System Protection Facilities that may be required on the Transmission System as a result of the interconnection of the Generating Facility and Interconnection Customer’s Interconnection Facilities.

9.7.4.2 Each Party’s protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.

9.7.4.4 Each Party’s protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer’s units.

9.7.4.5 Each Party will test, operate and maintain its respective System Protection Facilities in accordance with Good Utility Practice.

9.7.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of its respective System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its respective System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by protective equipment on the Transmission System, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Generating Facility and the Point of Interconnection at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of Operating Agent and the Interconnection Customer. Interconnection Customer shall be responsible for protection of the Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over-frequency or under-frequency, sudden load rejection, over-voltage or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Generating Facility.

9.7.6 Power Quality. Neither the Transmission System nor Interconnection Customer's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules.

Operating Agent and Interconnection Customer shall each provide the other a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. Operating Agent and Interconnection Customer shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as provided for in the Navajo Co-Tenancy Agreement and the Operating Agreement, or as otherwise agreed to among the Parties herein or hereafter, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Generating Facility to the Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission System Interconnection Facilities, or any part thereof,

Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by the Participants, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by the Participants, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.10 Disturbance Analysis Data Exchange.

The Parties will cooperate with one another in the analysis of disturbances to either the Generating Facility or the Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

10.1 Operating Agent Obligations.

Operating Agent shall maintain the Transmission System Interconnection Facilities in a safe and reliable manner and in accordance with this Agreement and the Operating Agreement.

10.2 Interconnection Customer Obligations.

Interconnection Customer shall maintain the Generating Facility and the Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this Agreement.

10.3 Coordination.

Operating Agent and Interconnection Customer shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Generating Facility and the Interconnection Facilities.

10.4 Secondary Systems.

Operating Agent and Interconnection Customer shall each cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Operating Agent and Interconnection Customer shall each provide advance notice to the other before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.

10.5 Operating and Maintenance Expenses.

Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection

Customer shall be responsible for all costs including overheads associated with operation, maintenance, repair and replacement of Transmission System Interconnection Facilities. Interconnection Customer shall also be responsible for all costs associated with owning, operating, maintaining, repairing, and replacing the Interconnection Customer's Interconnection Facilities. If in the future, a third party, or any Participant, is to interconnect to the Transmission System, the cost responsibilities for operations, maintenance and replacement are to be determined by the number of terminations. Excluded from this methodology is the protection equipment exclusively used by any such new interconnector(s). These costs will be directly assigned to the owner of the interconnection which is being protected.

Article 11. Performance Obligation

11.1 Interconnection Customer Interconnection Facilities.

Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A to this Agreement, at its sole expense.

11.2 Transmission System Interconnection Facilities.

The Participants, through Operating Agent, shall design, procure, construct, install, own and/or control the Transmission System Interconnection Facilities described in Appendix A to this Agreement, at the sole expense of Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades.

The Participants, through Operating Agent, shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A to this Agreement, at the sole expense of Interconnection Customer.

11.4 Transmission Credits.

11.4.1 Repayment of Amounts Advanced for Network Upgrades. This section provides for the proportional repayment by any one or more Participants of amounts advanced for Network Upgrades by the Interconnection Customer required under Applicable Laws and Regulations to make such repayments. The United States, LADWP, and the SRP are not required to make such repayments. Interconnection Customer shall be entitled to a repayment, from any one or more Participants so obligated, equal to the pro rata amount paid to Operating Agent and Affected System Operator, if any, based upon each such Participant's ownership percentage in the applicable component of the Transmission System, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.16.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under each such Participant's Tariff and any Affected System's Tariff for transmission services with respect to the Generating Facility. For sake of clarity, the Interconnection Customer will receive refund from APS, NV Energy, and TEP for their proportionate share of such Network Upgrades and will not receive a refund from the United States, LADWP, or SRP for their proportionate share of such Network Upgrades. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, any Participant, and any Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as any such Participant and any Affected System Operator take one of the following actions no later than five (5) years from the Commercial Operation Date: (1) return to Interconnection Customer any pro rata amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Participant or Affected System Operator so obligated to do so will continue to provide such pro rata payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; provided, however, full reimbursement shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of Network Upgrades, the Participants and Affected System Operator(s) so obligated to do so shall at that time reimburse Interconnection Customer for the pro rata amounts advanced for Network Upgrades. Before any such reimbursement can occur, Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

11.4.2 Special Provisions for Affected Systems. Unless the Participants provide, under this Agreement, for the pro rata repayment of amounts advanced to an Affected System Operator for Affected System upgrades by any one or more Participants so obligated to do so, Interconnection Customer and the Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3 Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Generating Facility.

11.5 Provision of Security.

At least thirty (30) Calendar Days prior to the commencement of the engineering, procurement, installation, or construction of a discrete portion of Transmission System Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Operating Agent, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Operating Agent and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 17.2 herein. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of the Transmission System Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Operating Agent for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Operating Agent pursuant to the Navajo Co-Tenancy Agreement and the Operating Agreement or as reasonably determined by the E&O Committee, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Operating Agent and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Operating Agent and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation.

If Operating Agent requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment of Reactive Power), or 11.6 of this Agreement, Operating Agent shall compensate the Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. Interconnection Customer shall serve Operating Agent or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this Agreement, Operating Agent agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed by the Operating Agent or designated FERC jurisdictional Participant at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition.

Operating Agent shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6 herein.

Article 12. Payment for Use of Common Facilities

On or before the In-Service Date, Interconnection Customer shall make the Common Facilities Use Fee payment to Operating Agent for the accounts of the Participants in accordance with Exhibit 3 to this Agreement.

Article 13. Cost Responsibility Ratio

13.1 Purpose.

The Cost Responsibility Ratio (herein referred to as "CRR") shall be computed as set forth in Exhibit 1 for the purpose of: (i) allocating to Interconnection Customer a portion of the costs set forth in Article 14 herein and the costs of any work liability, and (ii) initially determining the Common Facilities Use Fee payment pursuant to Article 12 herein.

13.2 Method.

The CRR shall be recomputed by Operating Agent in accordance with Exhibit 1 to this Agreement to reflect the installation of any additional function(s) in the applicable component of the Transmission System and shall be effective upon the date of firm operation thereof. Upon

completion of such re-computation, Operating Agent shall revise Exhibit 1 and, as soon thereafter as practicable, submit the revised Exhibit 1 for approval.

Article 14. Allocation of Costs

Operating Agent shall calculate the costs and expenses of operation, maintenance, Capital Improvements, insurance, and taxes, including but not limited to overhead expenses, applicable labor loading charges, administrative and general overhead expenses, all in accordance with standard Accounting Practice and the applicable provisions of the Operating Agreement, and shall allocate and charge to Interconnection Customer its proportionate share as set forth in Exhibit 1, the following costs and expenses: (i) Interconnection Customer's CRR share of all expenses charged for the operation of the applicable component of the Transmission System;(ii) All expenses charged for operation, maintenance, repair and replacement of the Interconnection Facilities;(iii) Interconnection Customer's CRR share of all expenses charged for maintenance of the Common Facilities;(iv) All costs charged for Capital Improvements to the Interconnection Facilities;(v) Interconnection Customer's CRR share of all Capital Improvements to Common Facilities; (vi) All expenses of insurance for or allocable to the Interconnection Facilities; (vii) Interconnection Customer's CRR share of all expenses of insurance for or allocable to the Common Facilities.

Article 15. Invoice

15.1 General.

Operating Agent and Interconnection Customer shall submit to each other, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. Operating Agent and Interconnection Customer may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts one owes to the other under this Agreement, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

15.2 Final Invoice.

Within six months after completion of the construction of Transmission System Interconnection Facilities and Network Upgrades, Operating Agent shall provide an invoice of the final cost of the construction of Transmission System Interconnection Facilities and Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Operating Agent shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

15.3 Payment.

Invoices shall be rendered to the paying Party, either Operating Agent or Interconnection Customer at the address specified in Appendix F to this Agreement. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the invoicing Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by a Party will not constitute a waiver of any rights or claims such Party may have under this Agreement.

15.4 Disputes.

In the event of a billing dispute between Operating Agent and Interconnection Customer, Operating Agent shall continue to operate and maintain Transmission System Interconnection Facilities and

Network Upgrades as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Operating Agent or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Operating Agent may provide notice to Interconnection Customer of a Default pursuant to Article 20. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest, if applicable, calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii), or other applicable methodology.

Article 16. Emergencies

16.1 Definition.

"Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of the Participants, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Transmission System Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this Agreement to possess black start capability.

16.2 Obligations.

Operating Agent and Interconnection Customer shall each comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Operating Committee or E&O Committee.

16.3 Notice.

Operating Agent shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission System Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Generating Facility or the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Operating Agent promptly when it becomes aware of an Emergency Condition that affects the Generating Facility or the Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission System Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's facilities or the Transmission System facilities and operations of such, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

16.4 Immediate Action.

Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Operating Agent, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

16.5 Transmission Provider Authority.

16.5.1 General. Operating Agent may take whatever actions or inactions with regard to the Transmission System or Transmission System Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission System Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Operating Agent shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Generating Facility or Interconnection Customer's Interconnection Facilities. Operating Agent may, on the basis of technical considerations, require the Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Generating Facility; implementing a reduction or disconnection pursuant to Article 16.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Generating Facility and the Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Operating Agent's operating instructions concerning Generating Facility real power and reactive power output within the manufacturer's design limitations of the Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

16.5.2 Reduction and Disconnection. Operating Agent may reduce service or disconnect the Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of any Participant pursuant to its respective open access transmission tariff. When Operating Agent can schedule the reduction or disconnection in advance, Transmission Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and the Transmission System. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. Operating Agent and Interconnection Customer shall cooperate with each other to restore the Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

16.6 Interconnection Customer Authority.

Consistent with Good Utility Practice and this Agreement, Interconnection Customer may take actions or inactions with regard to the Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and the Transmission System Interconnection Facilities. Operating Agent shall use Reasonable Efforts to assist Interconnection Customer in such actions.

16.7 Limited Liability.

Except as otherwise provided in Article 11.6.1 herein no Party shall be liable to another for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 17. Regulatory Requirements and Governing Law

17.1 Regulatory Requirements.

Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

17.2 Governing Law.

17.2.1 Except as otherwise provided in Article 17.2.2, the validity, interpretation and performance of this Agreement and each of its provisions shall be governed by Federal law and the laws of the state of Arizona.

17.2.2 Any claims under this Agreement by or against the United States or determining an obligation of the United States shall be determined by Federal law; provided, however, that Arizona law will supply the rule of decision to the extent allowed by Federal law.

17.2.3 This Agreement is subject to all Applicable Laws and Regulations. Nothing in this Agreement shall obligate the United States to take any action without first complying with all Applicable Laws and Regulations. The United States shall comply with all Applicable Laws and Regulations before it executes this Agreement.

17.2.4 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

17.2.5 Nothing in this Agreement shall be meant to imply or cede jurisdiction to FERC or any other regulatory entity, to the extent that FERC or other regulatory entity does not have jurisdiction over a Party to this Agreement. FERC and other regulatory entities have limited jurisdiction over certain Parties and, by executing this Agreement, no Party is waiving or conceding any defenses it has to assert jurisdictional defenses, including, but not limited to, sovereign immunity, intergovernmental immunities, or lack of subject matter jurisdiction.

Article 18. Notices

18.1 General.

Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given by any Party to any other Party and any instrument required or permitted to be tendered or delivered by any Party in writing to any other Party shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail,

addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F to this Agreement.

Any Party may change the notice information in this Agreement by giving five (5) Business Days written notice prior to the effective date of the change to all the other Parties.

18.2 Billings and Payments.

Billings and payments shall be sent to the addresses set out in Appendix F to this Agreement.

18.3 Alternative Forms of Notice.

Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F to this Agreement.

18.4 Operations and Maintenance Notice.

Operating Agent and Interconnection Customer shall each notify the other in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10 herein.

Article 19. Force Majeure

19.1 Force Majeure.

19.1.1 Economic hardship is not considered a Force Majeure event.

19.1.2 No Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Parties in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 20. Default

20.1 Default

20.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act of omission of another Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 20.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

20.1.2 Right to Terminate. If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 21. Indemnity, Consequential Damages and Insurance

21.1 Indemnity.

Interconnection Customer shall at all times indemnify, defend, and hold APS, LADWP, NV Energy, Salt River Project, Tucson and the United States harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this Agreement on behalf of the Indemnifying Party, except as pre-empted by federal law, or in cases of gross negligence or intentional wrongdoing by the Indemnified Party. APS, LADWP, NV Energy, Salt River Project and Tucson shall at all times indemnify, defend, and hold Interconnection Customer harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions pursuant to its obligations under this Agreement on behalf of the Indemnifying Party, except as pre-empted by federal law, or in cases of gross negligence or intentional wrongdoing by the Indemnified Party. The liability of the United States shall be determined in accordance with the Federal Tort Claims Act, 28 U.S.C. § 2671 *et seq.*

21.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 21 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 21.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

21.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 21, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

21.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 21.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from

or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be unreasonably withheld, conditioned or delayed.

21.2 Consequential Damages.

In no event shall either Party be liable under any provision of this Agreement for any losses, damages, costs or expenses 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, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; whether or not a party was informed of the potential of, or such damages could be anticipated; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

21.3 Insurance.

Each of the Participants, through Operating Agent, and the Interconnection Customer shall, at their own expense, maintain in force throughout the period of this Agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

21.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

21.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

21.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum,

combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

- 21.3.4** Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 21.3.5** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other parties, their parents associated and Affiliate companies and their company's respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 21.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 21.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 21.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.
- 21.3.9** If requested in writing, within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter the Participants, through Operating Agent, and the Interconnection Customer shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.
- 21.3.10** Notwithstanding the foregoing, the Participants, through Operating Agent, and the Interconnection Customer may self-insure to meet the minimum insurance requirements of Articles 21.3.2 through 21.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 21.3.2 through 21.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under

Articles 21.3.2 through 21.3.9. In the event that the Participants, through Operating Agent, or Interconnection Customer is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 21.3.9.

21.3.11 The Participants, through Operating Agent, and Interconnection Customer agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

Article 22. Assignment

22.1 Assignment.

This Agreement may be assigned by any Party only with the written consent of all the others; provided that any Party may assign this Agreement without the consent of the other Parties to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that Interconnection Customer shall have the right to assign this Agreement, without the consent of the Participants, for collateral security purposes to aid in providing financing for the Generating Facility, provided that Interconnection Customer will promptly notify the Participants of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party(s), trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the Participants of the date and particulars of any such exercise of assignment right(s), including providing the Participants with proof that it meets the requirements of Articles 11.5 and 21.3 herein. Any attempted assignment that violates this article is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing to the contrary, the ability of the Participants to assign under this provision is subject to the Navajo Co-Tenancy Agreement.

Article 23. Severability

23.1 Severability.

If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Participant(s)) seeks and obtains such a final determination with respect to any provision of the Alternate Option (5.1.2), or the Negotiated Option (5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (5.1.1).

Article 24. Comparability

24.1 Comparability.

The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 25. Confidentiality

25.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by any of the Parties to the another prior to the execution of this Agreement.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by any Party, a Party shall provide in writing, the basis for asserting that the information referred to in this Article 25 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

Operating Agent may perform study work using WECC data (power flow, stability, and disturbance monitoring data) for nonmembers provided that the WECC data are not provided to the nonmember. Under such arrangements the nonmembers are permitted to look at the data in the Operating Agent's office to gain an understanding of the study results, but are not permitted to have the data or a copy of the data. Interconnection Customer must also sign the WECC Nonmember Confidentiality Agreement in accordance with the regional Reliability Council policies.

Notwithstanding any other provisions of this Article 25, the rights, duties and obligations of the United States with respect to any information designated as Confidential Information by any Party shall be as provided by the Freedom of Information Act 5 U.S.C. § 552, and other applicable Federal law, and this Article 25 shall not apply to the United States.

25.1.1 Term. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 25, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

25.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 24.1.7 herein, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

- 25.1.3 Release of Confidential Information.** No Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article 25 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 25.
- 25.1.4 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 25.1.5 No Warranties.** By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 25.1.6 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this Agreement or its regulatory requirements.
- 25.1.7 Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires a Party or Parties, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that the other Parties may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, a Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

Each Party acknowledges and understands that: (i) SRP as a political subdivision of the State of Arizona, may be subject to certain disclosure requirements under the Arizona public records law (A.R.S. § 39-101, et seq.); (ii) LADWP, as a political subdivision of the State of California, is subject to certain disclosure requirements under the California Public Records Act (Calif. Gov't Code §§ 6250, et seq); and (iii) the United States is subject to certain disclosure requirements under the Freedom of Information Act (5 U.S.C. § 552, et seq.). Provided that SRP or LADWP complies with the procedural requirements of this Section 25, and notwithstanding any other provision of this Agreement, SRP or LADWP may release such Party's Confidential Information to a third party in response to a public records request submitted by such party.

25.1.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the requesting Party) or return to the requesting Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the requesting Party.

25.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article 25. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 25, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 25, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 25.

25.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 25 to the contrary, and pursuant to 18 CFR § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying another Party to this Agreement prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to this Agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

25.1.11 Subject to the exception in Article 25.1.10 above, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement ("Confidential Information") shall not be disclosed by another Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the Party asserting confidentiality, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Balancing Authority Area including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Parties in writing of the information it claims is confidential. Prior to any disclosures of a Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described

in this subparagraph, the disclosing Party agrees to promptly notify the Party asserting confidentiality in writing and agrees to assert confidentiality and cooperate with the Party asserting confidentiality in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Operating Agent shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time such Confidential Information is no longer needed.

Article 26. Environmental Releases

26.1 Operating Agent and Interconnection Customer shall notify one another, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

26.2 Navajo Environmental and Historical Review Requirements.

The United States, as a Participant, is required to comply with the National Environmental Policy Act (NEPA) (42 U.S.C. §§ 4321 et seq.); the Endangered Species Act (ESA) (16 U.S.C. §§ 1531 et seq.); and the National Historic Preservation Act (NHPA) (16 U.S.C. §§ 470 et seq.). The nature of the Interconnection Request, or request for Access Rights pursuant to Article 5.11, will dictate the level of NEPA, ESA, and NHPA compliance required. The Interconnection Customer shall execute an environmental and historical review agreement authorizing the United States, at the Interconnection Customer's expense, to perform the environmental and historical review required by NEPA, ESA, and NHPA. The United States may perform the environmental and historical review upon execution of the environmental and historical review agreement and receipt of funds from the Interconnection Customer, as specified in the environmental and historical review agreement. Interconnection Customer understands that the conclusions reached in the record of decision, or other appropriate environmental and historical documentation, and/or the Interconnection Customer's failure to comply with the terms of the environmental and historical review agreement, may result in the United States' decision not to execute this Agreement, or delay the Agreement's execution. Any applicable environmental and historical review shall be completed before the United States executes this Agreement. The United States' environmental and historical review decisions shall not be subject to the dispute resolution provisions of this Agreement.

Article 27. Information Requirements

27.1 Information Acquisition.

Operating Agent and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

27.2 Information Submission by Operating Agent.

The initial information submission by Operating Agent shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information

necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Operating Agent shall provide Interconnection Customer a status report on the construction and installation of Transmission System Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

27.3 Updated Information Submission by Interconnection Customer.

The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Generating Facility data requirements provided by the Operating Agent and any other information previously submitted for the Interconnection Facilities Studies. Information in this submission shall be the most current Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Operating Agent's standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Operating Agent pursuant to the Interconnection Study Agreement between Operating Agent and Interconnection Customer, then Operating Agent will conduct appropriate studies to determine the impact on the Transmission System based on the actual data submitted pursuant to this Article 27.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

27.4 Information Supplementation.

Prior to the Operation Date, Operating Agent and Interconnection Customer shall supplement their information submissions described above in this Article 27 with any and all "as-built" Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. Interconnection Customer shall conduct tests on the Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Generating Facility testing shall be conducted and results provided to Operating Agent for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide Operating Agent any information changes due to equipment replacement, repair, or adjustment. Operating Agent shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent substation which is a component of the Transmission System that may affect Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such

information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 28. Information Access and Audit Rights

28.1 Information Access.

Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is 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 Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Article 28.1 and to enforce their rights under this Agreement.

28.2 Reporting of Non-Force Majeure Events.

Each Party (the “notifying Party”) shall notify the other Parties when the notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.

28.3 Audit Rights.

Subject to the requirements of confidentiality under Article 25 of this Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the any other Party, to audit at its own expense such other Party’s accounts and records pertaining to any Party’s performance or any Party’s satisfaction of obligations under this Agreement. Such audit rights shall include audits of the other Party’s costs, calculation of invoiced amounts, Operating Agent’s efforts to allocate responsibility for the provision of reactive support to the Transmission System, Operating Agent’s efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party’s actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party’s performance and satisfaction of obligations under this Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 28.4.

Notwithstanding any other provision to the contrary, the Parties may not audit the United States pursuant to this Article 28.3. If a Party wants to audit the United States, it shall file a request for the relevant accounts and records pursuant to the Freedom of Information Act, 5 U.S.C. § 522 and other applicable Federal law. The United States shall have the right to audit other Party’s accounts and records pursuant to Article 28.3.

28.4 Audit Rights Periods.

28.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Transmission System Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Operating Agents issuance of a final invoice in accordance with Article 15.2.

28.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to any Party's performance or satisfaction of all obligations under this Agreement other than those described in Article 28.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

28.5 Audit Results.

If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 29. Subcontractors

29.1 General.

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

29.2 Responsibility of Principal.

The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Participants be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

29.3 No Limitation by Insurance.

The obligations under this Article 29 will not be limited in any way by any limitation of subcontractor's insurance.

Article 30. Disputes

30.1 Submission.

In the event any Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the "disputing Party") shall provide the Party or Parties with which the disputing Party has a dispute or against which the disputing Party asserts a claim with written notice of the dispute or claim ("Notice of Dispute") and shall provide copies of the Notice of Dispute to the other Parties. Such Notice of Dispute shall not be deemed a waiver of the requirements of, nor construed as compliance with: (i) California Government Code Section 910 et seq., or any successor statute or (ii) A.R.S. § 12-821.01, or any successor statute. Such dispute or claim shall be referred to a designated senior representative of each Party involved in the dispute or claim for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement

of the Parties, be submitted to binding arbitration and resolved in accordance with the arbitration procedures set forth below. Provided, however, if such claim or dispute which the Parties mutually agree to submit to arbitration involves the legal rights of the United States or may create a legal obligation upon the United States under this Agreement or in the Project Agreements, or may affect the interests or rights held for the use and benefit of the United States under the Project Agreements, or the United States is a party to the arbitration, such arbitration shall be non-bind and shall be conducted in such manner as may be provided for by Federal law applicable to arbitration in which the United States is a party or the interests or rights of the United States may be affected. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

30.2 External Arbitration Procedures.

Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 30, the terms of this Article 30 shall prevail.

30.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. If the arbitration is binding pursuant to Article 30.1, the decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed by the Operating Agent or designated FERC jurisdictional Participant with FERC if it affects jurisdictional rates, of any Participant, terms and conditions of service, Interconnection Facilities, or Network Upgrades of any Participant so obligated by FERC.

30.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 31. Representations, Warranties, and Covenants

31.1 General. Each Party makes the following representations, warranties and covenants:

- 31.1.1 Good Standing.** Such Party is duly organized, validly existing and in good standing under federal law or the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.
- 31.1.2 Authority.** Such Party has the right, power and authority to enter into this Agreement, to become a Party hereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
- 31.1.3 No Conflict.** The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.
- 31.1.4 Consent and Approval.** Such Party has sought or obtained, or, in accordance with this Agreement will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

Article 32. Operating Committee

32.1 Operating Committee.

Except in the case of ISOs and RTOs, Operating Agent and Interconnection Customer shall be members of an Operating Committee to coordinate operating and technical considerations of Interconnection Service with the E&O Committee. At least six (6) months prior to the expected Initial Synchronization Date, Operating Agent and Interconnection Customer shall each appoint one representative and one alternate to the Operating Committee. Interconnection Customer shall notify Operating Agent of its appointment in writing. Such appointments may be changed at any time by similar notice. The Operating Committee shall meet with the E&O Committee as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Operating Committee shall meet with the E&O Committee at the request of any Party during otherwise schedule E&O Committee meetings. The Operating Committee shall perform all of its duties consistent with the provisions of this Agreement. Operating Agent and Interconnection Customer shall each cooperate in providing to the Operating Committee all information required in the performance of the Operating Committee's duties. All decisions and agreements, if any, made by the Operating Committee, shall be evidenced in writing. The duties of the Operating Committee shall include the following:

- 32.1.1** Establish data requirements and operating record requirements.
- 32.1.2** Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.

- 32.1.3** Annually review the one (1) year forecast of maintenance and planned outage schedules of the Transmission System's and Interconnection Customer's facilities at the Point of Interconnection.
- 32.1.4** Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Generating Facility and other facilities that impact the normal operation of the interconnection of the Generating Facility to the Transmission System.
- 32.1.5** Ensure that information is being provided by each Party regarding equipment availability.
- 32.1.6** Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 33. Miscellaneous

33.1 Binding Effect.

This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

33.2 Conflicts.

In the event of a conflict between the body of this Agreement and any appendices hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties. In the event of a conflict between this Agreement and the Navajo Co-Tenancy Agreement, the Amended and Restated Navajo Southern Transmission System Operating Agreement, and/or the Amended and Restated Western Transmission System Operating Agreement, the Navajo Co-Tenancy Agreement, the Amended and Restated Navajo Southern Transmission System Operating Agreement, and/or the Amended and Restated Western Transmission System Operating Agreement will prevail.

33.3 Rules of Interpretation.

This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this Agreement or such Appendix to this Agreement; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

33.4 Entire Agreement.

This Agreement, including all Appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and

contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Agreement.

33.5 No Third Party Beneficiaries.

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

33.6 Waiver.

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by any Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or Default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection to the Transmission System from the Participants. Any waiver of this Agreement shall, if requested, be provided in writing.

33.7 Headings.

The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

33.8 Multiple Counterparts.

This Agreement may be executed in two or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by Participants) and sent by e-mail shall be deemed original signatures.

33.9 Amendment.

The Parties may, by mutual agreement of all the Parties, amend this Agreement by a written instrument duly executed by the Parties.

33.10 Appendix and Exhibit Revisions.

33.10.1 Unless otherwise noted herein, appendices and exhibits to this Agreement may be modified by the Engineering and Operating Committee if agreed to by an Engineering and Operating Committee representative of each Participant and the Interconnection Customer in writing.

33.10.2 The Operating Agent shall submit each revised appendix and/or exhibit to the Engineering and Operating Committee for its review and approval. Within thirty (30) days after approval of such revised appendices and/or exhibits by the Engineering and Operating Committee, Operating Agent or designated FERC jurisdictional Participant shall file such revised appendices and/or exhibits with FERC for approval and distribute copies thereof to each Participant.

- 33.10.3** The effective date of a revised appendices and/or exhibits shall be as determined by the E&O Committee and is subject to FERC approval. Revised cost responsibility percentages shall be reflected in invoices following the FERC-approved effective date of the revised appendices and/or exhibits.
- 33.11 Modification by the Parties.**
The Parties may by mutual agreement amend the Appendices to this Agreement by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.
- 33.12 Reservation of Rights.**
The Participants shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 33.13 No Partnership.**
This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, another Party.
- 33.14 United States Subject to Tort Claims Act.**
Notwithstanding any other section of this Agreement, nothing herein shall be construed as enlarging, diminishing or changing in any way the rights, duties and obligations of the United States under the Federal Tort Claims Act of 1946, 60 Stat. 842, as amended.
- 33.15 Contingent Upon Appropriations.**
No term or provision of this Agreement will constitute or be construed as a commitment or a requirement that the United States obligate or pay funds in contravention of the Anti-Deficiency Act, 31 U.S.C. § 1341, or any other applicable law or regulation. Where activities provided for in this Agreement extend beyond the current fiscal year, continued expenditures by the United States are contingent upon congress making, the necessary appropriations required for the continued performance of the United States' obligations under this Agreement. In case such appropriation is not made, the Party(ies) hereby release the United States from its contractual obligations and from all liability due to the failure of congress to make such appropriation.
- 33.16 Consistency with Federal Laws and Regulations.**
Nothing in this Agreement shall compel any person or Federal entity to: (1) violate Federal statutes or regulations, or (2) in the case of a Federal agency, to exceed its statutory authority, as defined by any applicable Federal statutes, regulations, or orders lawfully promulgated thereunder. If any provisions of this Agreement are inconsistent with any obligations imposed on any person or Federal entity by Federal statutes, regulations, or orders lawfully promulgated thereunder, the

33.15 Contingent Upon Appropriations.

No term or provision of this Agreement will constitute or be construed as a commitment or a requirement that the United States obligate or pay funds in contravention of the Anti-Deficiency Act, 31 U.S.C. § 1341, or any other applicable law or regulation. Where activities provided for in this Agreement extend beyond the current fiscal year, continued expenditures by the United States are contingent upon congress making, the necessary appropriations required for the continued performance of the United States' obligations under this Agreement. In case such appropriation is not made, the Party(ies) hereby release the United States from its contractual obligations and from all liability due to the failure of congress to make such appropriation.

33.16 Consistency with Federal Laws and Regulations.

Nothing in this Agreement shall compel any person or Federal entity to: (1) violate Federal statutes or regulations, or (2) in the case of a Federal agency, to exceed its statutory authority, as defined by any applicable Federal statutes, regulations, or orders lawfully promulgated thereunder. If any provisions of this Agreement are inconsistent with any obligations imposed on any person or Federal entity by Federal statutes, regulations, or orders lawfully promulgated thereunder, the provisions shall be inapplicable to that person or Federal entity to the extent they are inconsistent with Federal statutes, regulations, or orders lawfully promulgated thereunder. No person or Federal entity shall incur any liability by failing to comply with provisions of this Agreement that are inapplicable to it by reason of being inconsistent with any Federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or Federal entity shall use its best efforts to comply with this Agreement to the extent that applicable Federal laws, regulations and orders lawfully promulgated thereunder permit it to do so.

33.17 Use of Operating Agent's Funds.

The Operating Agent and the Participant(s) shall not be required to advance any of its own funds on behalf of Interconnection Customer.

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

ARIZONA PUBLIC SERVICE COMPANY

Signature _____

Name _____

Title _____ VP Transmission & Distribution Ops

Date Signed _____ 5/22/2023 | 12:45:26 PM PDT

NEVADA POWER COMPANY
(d/b/a/NV ENERGY)

Signature _____

Name _____

Title _____

Date Signed _____

provisions shall be inapplicable to that person or Federal entity to the extent they are inconsistent with Federal statutes, regulations, or orders lawfully promulgated thereunder. No person or Federal entity shall incur any liability by failing to comply with provisions of this Agreement that are inapplicable to it by reason of being inconsistent with any Federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or Federal entity shall use its best efforts to comply with this Agreement to the extent that applicable Federal laws, regulations and orders lawfully promulgated thereunder permit it to do so.

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ARIZONA PUBLIC SERVICE COMPANY

Signature _____

Name _____

Title _____

Date Signed _____

NEVADA POWER COMPANY

(d/b/a/NV ENERGY)

Signature DocuSigned by: Carolyn Barbash
C88FB4C5-69FD-4D60-B3F4-07072B4FFDAB

Name Carolyn Barbash

Title VP Transmission Development & Policy

Date Signed 4/20/2023

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

Signature _____

Name _____

Title _____

Date Signed _____

provisions shall be inapplicable to that person or Federal entity to the extent they are inconsistent with Federal statutes, regulations, or orders lawfully promulgated thereunder. No person or Federal entity shall incur any liability by failing to comply with provisions of this Agreement that are inapplicable to it by reason of being inconsistent with any Federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or Federal entity shall use its best efforts to comply with this Agreement to the extent that applicable Federal laws, regulations and orders lawfully promulgated thereunder permit it to do so.

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ARIZONA PUBLIC SERVICE COMPANY

Signature _____

Name _____

Title _____

Date Signed _____

NEVADA POWER COMPANY

(d/b/a/NV ENERGY)

Signature _____

Name _____

Title _____

Date Signed _____

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

Signature 

Name ERIC TANG

Title MANAGER, TRANS ANALYSIS

Date Signed 04/19/2023

TUCSON ELECTRIC POWER COMPANY

Signature Erik Bakken

Name Erik Bakken

Title VP, Energy Resources and CSO

Date Signed 6/5/23

UNITED STATES OF AMERICA

Signature _____

Name _____

Regional Director

Lower Colorado Region

Title U.S. Bureau of Reclamation

Date Signed _____

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS**

By signing below, the signatories attest that they have no personal, financial, beneficial, or familial interest in this contract.

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

BY SYNDI DRISCOLL
AUG 10 2023
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

By: _____
JANISSE QUINONES
Chief Executive Officer and Chief Engineer

Date: _____

And: _____
CHANTE L. MITCHELL
Board Secretary

302PN 8ME LLC

By: _____

Title: _____

Date: _____

TUCSON ELECTRIC POWER COMPANY

Signature Erik Bakken

Name Erik Bakken

Title VP, Energy Resources and CSO

Date Signed 6/5/23

UNITED STATES OF AMERICA

Signature _____

Name _____

Regional Director

Lower Colorado Region

Title U.S. Bureau of Reclamation

Date Signed _____

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

by

**BOARD OF WATER AND POWER
COMMISSIONERS OF THE CITY OF LOS
ANGELES**

By _____

and _____

Secretary

Date Signed _____

302PN 8ME LLC

By: _____

Title: _____

Date: _____

TUCSON ELECTRIC POWER COMPANY

Signature _____

Name _____

Title _____

Date Signed _____

UNITED STATES OF AMERICA

Signature **DAVID AREND** Digitally signed by DAVID AREND
Date: 2023.05.26 08:26:18 -07'00'

Name: David Arend

Title Acting Regional Director
Interior Region 8: Lower Colorado Basin
U.S. Bureau of Reclamation

Date Signed 5/26/2023

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

by
**BOARD OF WATER AND
POWER COMMISSIONERS OF THE
CITY OF LOS ANGELES**

By _____

and _____

Secretary

Date Signed _____

302PN 8ME LLC

By: _____

Title: _____

Date: _____

TUCSON ELECTRIC POWER COMPANY

Signature _____

Name _____

Title _____

Date Signed _____

UNITED STATES OF AMERICA

Signature _____

Name: David Arend

Title Acting Regional Director
Interior Region 8: Lower Colorado Basin
U.S. Bureau of Reclamation

Date Signed 5/26/2023

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

by
**BOARD OF WATER AND
POWER COMMISSIONERS OF THE
CITY OF LOS ANGELES**

By _____

and _____

Secretary

Date Signed _____

302PN 8ME LLC

By: _____

Title: _____

Date: _____

From: [Lakshman, Sunaja](#)
To: [Swanson, Scott R](#); [Muller, Jared](#); [joseph.mathews@sol.doi.gov](#); [WMuir@Nvenergy.com](#); [Driscoll, Syndi](#); [Weeks@WAPA.GOV](#); [Stulting, Rex L](#); [Karilee.Ramaley@srpnet.com](#); [Maser Michele R](#); [Spina, Jennifer](#); [Miller, Kenneth H](#); [AWelander@tep.com](#); [Ron Smith](#); [JJohnston@WAPA.GOV](#); [MNitido@tep.com](#); [AMoe@TEP.com](#); [Mora-Lopez, Jorge A](#); [LeCheminant, Jeffrey J \(LECHEMINANT\)](#); [David.Rubin@nvenergy.com](#); [gorlin@wapa.gov](#); [Michele.Davila@srpnet.com](#); [Deborah.Bone@nvenergy.com](#); [Ted.Bright@srpnet.com](#); [Spitzkoff, Jason M](#)
Cc: [Lakshman, Sunaja](#); [Farank Sarbaz](#); [Meng, Jason](#); [Barkhordarian, Ani](#); [Quader, Raymond](#)
Subject: RE: [EXTERNAL] FOR YOUR INFORMATION: Navajo L&N Committee: Q255 LGIA Final With Changes Made at L&N Committee Meeting
Date: Monday, May 1, 2023 4:15:22 PM
Attachments: [image005.png](#)
[image006.png](#)
[image007.png](#)
[image009.png](#)

*****CAUTION***** *****CAUTION***** *****CAUTION*****

This e-mail is from an **EXTERNAL** address (Sunaja.Lakshman@ladwp.com). **DO NOT** click on links or open attachments unless you trust the sender and know the content is safe. If you suspect this message to be phishing, please report it to the APS Cyber Defense Center at ACDC@aps.com.

Navajo Participants,

LADWP is recommending the final Q255 LGIA for approval by our governance.

Thanks.

Sunaja Lakshman

Long Term Transmission Management
Power System Planning Division
Los Angeles Department of Water & Power
Ph. (213) 367-3281 ; Cell: (213) 554-4654
Email: Sunaja.Lakshman@ladwp.com

(I am currently telecommuting partially – please email me for all matters)

From: Scott.Swanson@aps.com <Scott.Swanson@aps.com>
Sent: Saturday, April 29, 2023 11:10 AM
To: Jared.Muller@aps.com; joseph.mathews@sol.doi.gov; WMuir@Nvenergy.com; Driscoll, Syndi <Syndi.Driscoll@ladwp.com>; Weeks@WAPA.GOV; Rex.Stulting@aps.com; Karilee.Ramaley@srpnet.com; michele.maser@srpnet.com; Jennifer.Spina@pinnaclewest.com; Ken.Miller@pinnaclewest.com; AWelander@tep.com; rsmith@usbr.gov; JJohnston@WAPA.GOV; MNitido@tep.com; AMoe@TEP.com; Barkhordarian, Ani <Ani.Barkhordarian@ladwp.com>; jmoralopez@usbr.gov; Jeffrey.LeCheminant@srpnet.com; Han, Sang <Sang.Han@ladwp.com>; David.Rubin@nvenergy.com; gorlin@wapa.gov; Michele.Davila@srpnet.com; Deborah.Bone@nvenergy.com; Manoukian, Edik <Edik.Manoukian@ladwp.com>; Ted.Bright@srpnet.com; Lakshman, Sunaja <Sunaja.Lakshman@ladwp.com>
Cc: Jason.Spitzkoff@aps.com
Subject: [EXTERNAL] FOR YOUR INFORMATION: Navajo L&N Committee: Q255 LGIA Final With Changes Made at L&N Committee Meeting

EXTERNAL EMAIL! This email was generated from a non-LADWP address. If any links exist, do not click/open on them unless you are 100% certain of the associated site or source. ALWAYS hover over the link to preview the actual URL/site and confirm its legitimacy.

Attached is the final version of the Q255 LGIA that includes the changes made during the L&N Committee Meeting. I also made a change to the USBR signature block.

Please use this version when obtaining signatures.

Best wishes,

Scott

Proprietary

From: [Swanson, Scott R](#) <Scott.Swanson@aps.com>
Sent: Friday, April 28, 2023 2:21 PM
To: Muller, Jared <Jared.Muller@aps.com>; Mathews, Joseph T <joseph.mathews@sol.doi.gov>; William Muir <WMuir@Nvenergy.com>; Syndi.Driscoll@ladwp.com; Weeks@WAPA.GOV; Stulting, Rex L <Rex.Stulting@aps.com>; Karilee.Ramaley@srpnet.com; Maser Michele R <michele.maser@srpnet.com>; Spina, Jennifer <Jennifer.Spina@pinnaclewest.com>; Miller, Kenneth H <Ken.Miller@pinnaclewest.com>; AWelander@tep.com; Ron Smith <rsmith@usbr.gov>; JJohnston@WAPA.GOV; MNitido@tep.com; AMoe@TEP.com; Barkhordarian, Ani <Ani.Barkhordarian@LADWP.com>; Mora-Lopez, Jorge A <jmoralopez@usbr.gov>; [LeCheminant, Jeffrey J \(LECHEMINANT\) <Jeffrey.LeCheminant@srpnet.com>](mailto:LeCheminant, Jeffrey J (LECHEMINANT) <Jeffrey.LeCheminant@srpnet.com>); Sang Han <Sang.Han@LADWP.com>; David.Rubin@nvenergy.com; gorlin@wapa.gov; Michele.Davila@srpnet.com; Deborah.Bone@nvenergy.com; Edik.Manoukian@ladwp.com; Ted.Bright@srpnet.com; Lakshman, Sunaja <Sunaja.Lakshman@ladwp.com>

TUCSON ELECTRIC POWER COMPANY

Signature _____

Name _____

Title _____

Date Signed _____

UNITED STATES OF AMERICA

Signature _____

Name: Jacklynn L. Gould, P.E.

Title Regional Director
Interior Region 8: Lower Colorado Basin
U.S. Bureau of Reclamation

Date Signed _____

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

by
**BOARD OF WATER AND POWER
COMMISSIONERS OF THE CITY OF LOS
ANGELES**


By _____

and _____

Secretary

Date Signed _____

302PN 8ME LLC

By:  _____

Title: Stephanie Perry, Chief Operating Officer of
Avantus LLC, ultimate parent, duly authorized

Date: 5/22/2023

Appendix A

Interconnection Facilities and Network Upgrades for the Interconnection Project

1. Transmission System Interconnection Facilities:

The facilities required to interconnect the Q255 project consist of the following:

a) Interconnection Customer's interconnection Facilities:

The Q255 project is a 2,000 MW of Solar PV and 2,000 MW of BESS generation interconnecting to the Navajo 500 kV bus. No more than the rated 2,000 MW is delivered to the POI at any given time. The project consists of 10 separate 34.5 kV collector systems each with a dedicated 500/34.5 kV transformer. Each of the 10 collector systems consist of 101 Solar PV inverters and 101 Battery Energy Storage Systems gathered together a 34.5 kV collector system. The power flow model has 10 equivalences of the 101 inverters, 101 GSUs, and 34.5 kV collector lines for both the Solar PV and BESS systems. The 10 collector systems are tied together at a common 500 kV bus and then connected to Navajo through three generator tie lines.

b) Transmission System Interconnection Facilities ("TSIF"):

As depicted in the Appendix C diagram, the Transmission Provider's Interconnection Facilities consist of:

- Install 500kv A-frames, metering, relays and drops into the Navajo 500 kV switchyard

Table 1. Summary of Cost Estimates for Q255

Equipment Description	Time to Construct (months)	Network Upgrades	TSIF
Q255			
Navajo 500kV Interconnection Facilities (i.e. new CB, switches and terminations)	18	\$1,800,000	N/A
Install 500kV A-frames, metering, relays & drops into switchyard	18	N/A	\$5,300,000
Palo Verde/Hassayampa: 500kV Switchyard Fault Duty Mitigation	TBD by SRP	TBD by SRP	TBD by SRP
Totals	18	\$1,800,000	\$5,300,000
Total Cost = \$7,100,000			

PLEASE NOTE: The above cost estimates exclude Interconnection Customer costs associated with obtaining permits, easements or income tax or other tax effect and the cost associated with any Interconnection Customer-owned equipment required for the interconnection of the generators, including protective relaying and a visible open utility disconnect switch.

Ownership of the Network Upgrades will be split between the owning Participants based on their ownership interest in the Navajo 500 kV Substation. The issuance of Transmission Credits or other Network Upgrade reimbursement will be based on each Participant's reimbursement policy. Not all Participants issue Transmission Credits or reimburse for Network Upgrades.

ALSO NOTE: All trench and conduit required shall be supplied by the Interconnection Customer and is excluded from the above costs. Should the Interconnection Customer require Operating Agent to provide trench and conduit, this would be an additional cost that is not included in estimates.

2. Network Upgrades:

- Install new 500 kV CB, switches and terminations.

3. Distribution Upgrades:

- None

4. Coordination with Affected Systems:

Resolution of any issues identified by Affected Systems prior to energization of the interconnection is required. If the Transmission System Interconnection Facilities are not energized, and the Commercial Operation Date is not achieved, within the timeframe specified by the Operating Agent, the Interconnection Request will be deemed withdrawn and this Agreement will be terminated.

- The Palo Verde/Hassayampa 500kV switchyard which is operated by Salt River Project (“SRP”) was identified as an Affected System. To date Operating Agent has **not** received any notices from SRP that the Affected System concerns have been resolved by the Interconnection Customer.
- The Western Transmission System which is operated by NV Energy and LADWP was identified as an Affected System. To date Operating Agent has not received any notices from NV Energy or LADWP that the Affected System concerns have been resolved by the Interconnection Customer.
- Operating Agent confirms that no other utility has claimed to be an Affected System.

5. Customer to Self-Charge Battery Systems

Interconnection Customer must self-charge their battery system and is not permitted to charge their battery system from the grid. To be allowed to charge from the grid the customer must make a request of APS for such service and a study must be performed to evaluate the ability of the system to deliver power to the customer. This request would be in the form of a Material Modification which is governed by the Material Modification business practice- found on the APS OASIS site. Results of such a study could lead to charging rates which are less than the maximum capability of the battery system. System upgrades would be identified that the customer would be required to fund if they chose to increase the allowed charging rate from the existing system.

6. Maintenance, Repair, and Replacement Charges:

The Interconnection Customer shall be responsible for actual costs incurred, on behalf of the Participants, applicable to the maintenance, repair and replacement of the Transmission System Interconnection Facilities, including but not limited to:

- All equipment between the POI and the change of ownership location.

Appendix B

Milestones for Interconnection Facilities for Interconnection Project

MILESTONE	RESPONSIBLE PARTY	DATE
E&P Signed & Filed at FERC: Generator interconnection engineering and procurement signed and filed at FERC subject to Regulatory requirements.	Both Parties	N/A
E&P Signed & Filed at FERC: Generator tie engineering and procurement signed and filed at FERC subject to Regulatory requirements.	Both Parties	N/A
LGIA Signed & Filed at FERC: Generator interconnect agreement signed and filed at FERC subject to Federal Regulatory requirements.	Both Parties	7/23
LGIA Engineering and Design Funded: Customer's Submittal of Provision of Security for Engineering and Design Work(Article 5.5.3 and Article 5.6.4).	Interconnection Customer	7/23
Kick-off Meeting	Both Parties	7/23
Notice to Proceed: Customer to provide APS with written authorization to proceed with Engineering and design (Article 5.5.2).	Interconnection Customer	7/23
APS Engineering: APS begin engineering activities.	APS	7/23
Initial Technical Review: Customer to provide APS with documentation showing that the proposed equipment and plant design can meet performance recommendations specified in the NERC "BPS-Connected Inverter-Based Resource Performance Guideline"	Interconnection Customer	5/24
Procurement Invoice: APS to invoice Customer for Procurement/Land Services Work	APS	3/25
Notice to Proceed and Procurement/Land Services and Funding: Customer to provide APS with written authorization and funding for the procurement of materials, land procurement, and ROW Acquisition and provide funding for work (Article 5.5.2)	Interconnection Customer	5/25
Procurement of Long Lead Items and Land Procurement: APS to order long lead equipment and procure any additional land needed.	APS	5/25
Balancing Authority Assignment: Customer to provide APS with Balancing Authority Assignment	Interconnection Customer	12/25
Construction Invoice: APS to invoice Customer for Construction Work.	APS	9/25
Notice to Proceed with Construction and Construction Funding: Customer to provide APS with written authorization to proceed with construction of facilities and provide funding for construction and Land Services(Article 5.5.3, Article 5.6.3 & Article 5.6.4).	Interconnection Customer	11/25
ROW Acquisition: APS to secure right of way/easement for line route	APS	12/25
ROW Acquisition: APS grants right of way for Interconnection Customer facilities planned to be built on APS land after reviewing Interconnection Customer design.	APS	12/25
APS Substation Construction: APS begin interconnection substation	APS	12/25

construction		
APS Communications Construction: Complete communications and other activities required for APS Substation	APS	1/26
Outage Window: APS outage for substation cut-in (Subject to change based on System Conditions)	APS	9/15/26-9/30/26
Installation and Proving Relays: Complete line/relay work for substation cut-in.	APS	9/26
Metering: Metering installed, tested and released for use	Both Parties	9/26
Affected Systems: Customer to provide APS with other Utilities' confirmation of Affected Systems verification and plan in place.	Interconnection Customer	10/31/26
Fault Duty Compliance: Customer to provide APS compliance notice or waiver from Salt River Project	Interconnection Customer	10/31/26
As-Built Technical Review: Customer to provide documentation showing as-built Inverter, Plant Controller, and Relay settings comply with NERC "BPS-Connected Inverter-Based Resource Performance Guideline"	Interconnection Customer	Note 1
In-Service/Back Feed: APS substation cut-in complete and released to APS Operations for IC to obtain back feed power	APS	11/1/26
Initial synchronization: The date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.	Both Parties	12/1/26
Preliminary Performance and Model Validation: AVR step testing to confirm that the site meets NERC "Inverter Based Resource Performance Guideline" performance recommendations and that the as-built site meets or exceeds the performance studied in the SIS.	Both Parties	Prior to Commercial Operation
Commercial Operation: Interconnection Customer Commercial Operation Date (C.O.D.)	Interconnection Customer	5/5/27

Note 1. Soon after BESS project is constructed but prior to Commercial Operation.

Note 2: Actual amounts for the Engineering and Design, Procurement/Land Services, and Construction funding phases will be determined and provided to Customer 30 days in advance.

Appendix C

1. Interconnection Details

Figure 1 shows a general location of Q255.

Figure 2 is a one-line diagram of the proposed configuration and interconnection of Q255's Project. In Figure 2, the Navajo 500 kV lines shown in black are the existing facilities. **Figure 2** also depicts the Customer's Interconnection Facilities which are shown in green. In **Figure 2**, the facilities shown in red are the Transmission System Interconnection Facilities. APS will operate and maintain all the facilities shown in red up to the first structure outside of the substation fence, at which point the IC would pick-up ownership and operation of the line. Ownership of the Transmission System Interconnection Facilities shall be held by the Navajo Project Participants in proportion to their ownership in the Navajo 500kV transmission switchyard. The Interconnection Customer is responsible for providing the full cost for the Transmission System Interconnection Facilities for Q255.

Figure 1. Project Location (Q255)

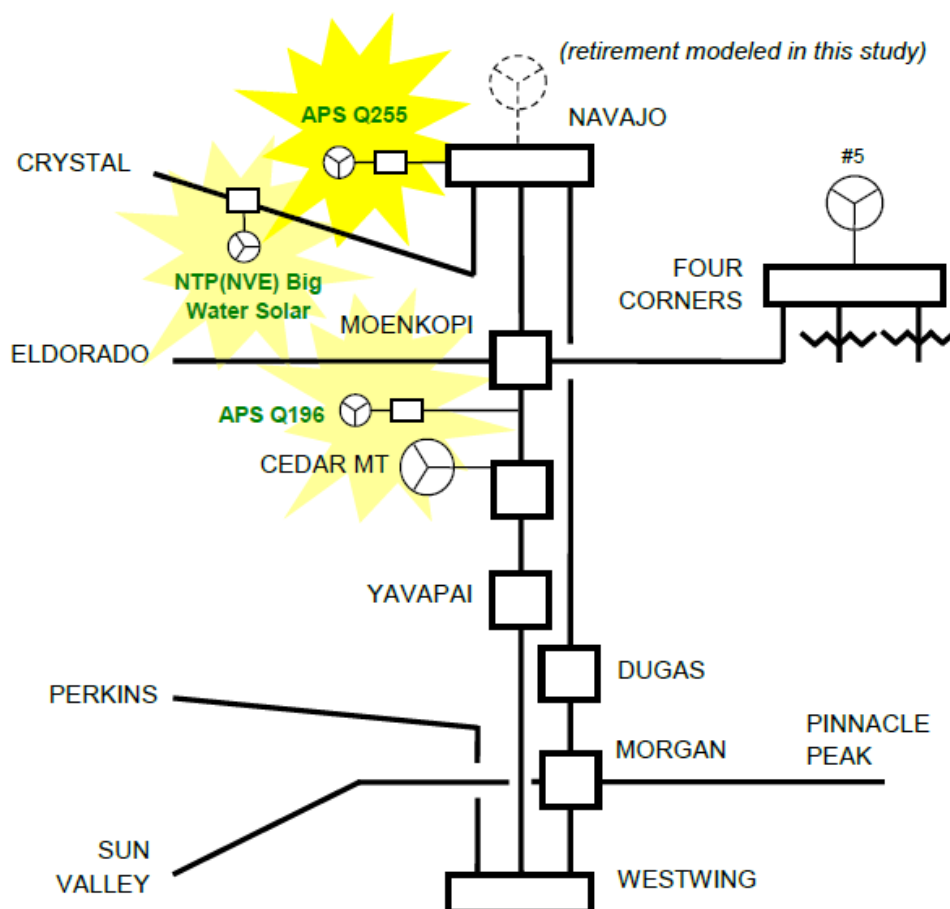
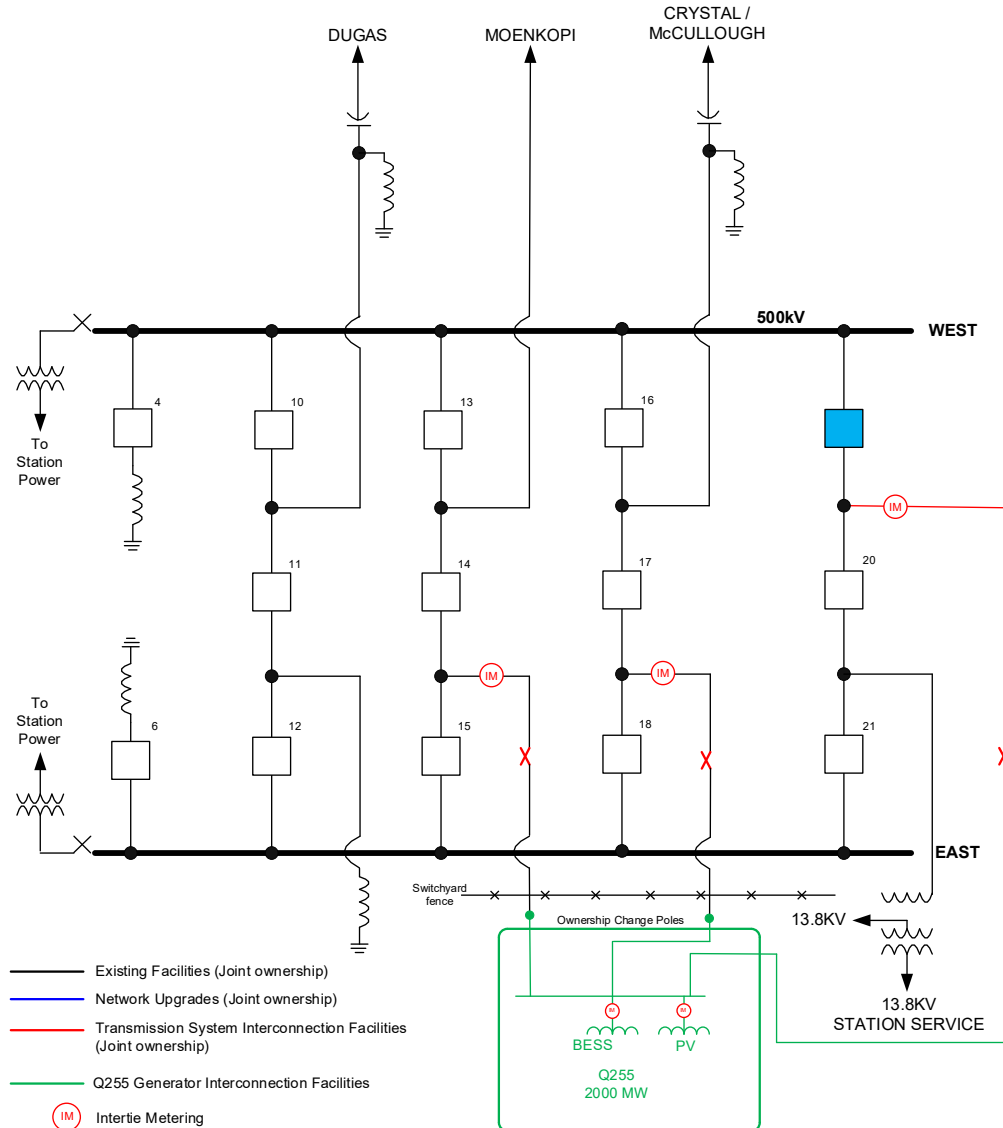


Figure 2. Q255 Interconnection Switchyard One-Line

NAVAJO 500KV



2. Customer Battery Systems Charging from Grid

Interconnection Customer must self-charge their battery system and is not permitted to charge their battery system from the grid. To be allowed to charge from the grid the customer must make a request of APS for such service and a study must be performed to evaluate the ability of the system to deliver power to the customer. This request would be in the form of a Material Modification which is governed by the Material Modification business practice- found on the APS OASIS site. Results of such a study could lead to charging rates which are less than the maximum capability of the battery system. System upgrades would

be identified that the customer would be required to fund if they chose to increase the allowed charging rate from the existing system.

3. Control Technologies and Protection Systems

APS Controls RTU/Metering Requirements

RTU

It is *required* that APS will provide, operate and maintain an RTU. The RTU will be procured, configured, and installed by APS personnel.

Cabinet/Rack location

- The RTU and associated equipment installed must be located at a readily accessible location at the Generator's Facility (available 24 hours) for APS personnel.
- For a power plant setup, The RTU should *preferably* be located in a DCS/IT related room, typically adjacent to or within the same building as the control room. Ideally the location does not require more rigorous security clearance than necessary to access the site itself.
- For a control house (substation setup), it is *preferred* that the RTU equipment be located in a room or cage adjacent to other equipment. Ideally the location does not require more rigorous security clearance than necessary to access the site itself.
- It is *preferred* to have a stand-alone cabinet (36"x36"x72") that can house all APS RTU and communication equipment. If there is no space for a cabinet, it is then *preferred* to investigate any wall space for a wall-mounted enclosure (size to be determined by available space, typically 36"x30"x10"). If no space is available and only existing rack space is available, it is *preferred* to have a dedicated rack for APS equipment. If that is not available, APS *requires* enough *contiguous* rack space to mount all RTU and comm equipment (estimated 30RU). A rack mounted cabinet door would be *required* if existing plant rack space is used. APS would make this installation.

RTU Power

- The RTU *requires* completely redundant sources of power (120VAC or 125VDC) 15A minimum.
- It is *preferred* that one source is 120VAC and one source is 125VDC
- At least one source is *required* to be an Uninterruptable Power Supply (UPS) or battery bank. The UPS shall be capable of supplying backup power for at least six continuous hours and shall be hard-wired (a "plug in" UPS is not acceptable).

RTU Communications

- Interconnection Customer is responsible for securing a communication path back to the APS communication system (e.g. fiber optic back to APS Substation). In the event the communication path is disrupted for any reason, IC is responsible for remedying the issue.

- In some instances, APS may provide a communication path back to the APS communication system via a fiber optic cable or MAS radio. IC will provide a location to install antennas tall enough to provide line of sight from the MAS radio antenna to APS communication towers in the area.
- DNP3 is the *preferred* communication protocol for datalinks between the RTU and other RTUs/controllers. Modbus is also available but discouraged.

RTU Telemetry

- It is *preferred* that the RTU has connections as close to the source of the data as possible. For example:
 - Direct connection to the DCS for plant values
 - Direct connection to meters for instantaneous/accumulator values
- If necessary, the RTU *may* receive data from an intermediary controller
- It is *preferred* that all data is transmitted unscaled (raw values). If scaling must be included, it must be communicated to the APS controls group.
- These are the *required* data points the RTU must receive. APS operations will determine any data points not specifically addressed.
 - Digital Inputs
 - Critical breaker statuses (i.e., gen breakers)
 - AVR/PSS for any generating unit
 - Unit AGC status (remote/manual)
 - Duct Burner status (if applicable)
 - Analog Inputs
 - Net (Pri/Sec) and Gross MW/MVAR/KV/HZ
 - Relevant AUX MW/MVAR
 - Unit AGC High/Low capacity limits (MW)
 - Unit AGC rate limit (MW/MIN)
 - Unit Duct Burner Gas flow (if applicable – MSCF/HR)
 - Other Gas Data?
 - Counters
 - Net (Pri/Sec) received/delivered KWH
 - Relevant AUX received/delivered KWH
 - Analog Output
 - AGC setpoint
 - Curtailment

System Protection

APS uses line current differential and permissive over-reach as the primary means of protection.

- The make and model of the protective relays used will be determined by APS with customer input.
- Interconnection Customer is responsible for securing a communication path back to the APS communication system (e.g. fiber optic back to APS Substation). In the

event the communication path is disrupted for any reason, IC is responsible for remedying the issue.

Metering

Operating Agent will provide and maintain bi-directional meters at both the Generator's facility and the Navajo substation. The meters would be procured, configured, and installed by APS personnel. The metering transformers will be provided and installed by the IC per the specifications below. Combination voltage & current units are acceptable as well as separate metering transformers.

- General Standards for APS Meters
 - The revenue meters will be provided, programmed and installed by APS or an APS authorized metering contractor.
 - They must be revenue quality with a 0.2 Accuracy Class
 - They must be redundant (primary/secondary) for all Net values, as well as for Gross and Aux when applicable
 - They must be remotely accessible, reliable, 60 Hz, three phase, bi-directional, programmable and multifunction electronic meters certified for correct operation at the service voltage
 - They must be capable of measuring kWh and kVARh and providing calculated three phase values for kVAh, kVA
 - They must have a demand function including cumulative, rolling, block interval demand calculation and maximum demand peaks
 - There must be battery backup for maintaining RAM and a real-time clock during outages of up to thirty days
 - There must be AC potential indicators on each of the three phases
 - They must be capable of being powered either internally from the bus or externally from an AC source. It is recommended that all CAISO meters have an auxiliary source or emergency backup source of power.
 - They must be capable of providing RMDAPS (MV-90 addressable metering protocol)
 - They must be capable of 60 days storage of kWh, KVARh, and/or 4 quadrant interval data
 - For new-build APS Interconnection Customers, standard ION meters are required. Meters required for the project are:
 - ION 8650B or S8650B4C0H6C7B0A
 - For existing projects with meters seeking to interconnect with APS: Approved CAISO meters include:
 - Schneider ION 8650/8600/7400/7650
 - SEL 734/735
 - L+G Quad4/MAXsys 2510/Elite
 - AMETEK JEMStar II
 - SATEC EM920
 - TransData Mark V
 - Electro Industries Nexus 1272/1500+
- General Standards for Current Transformers

- Current transformers will be provided and installed by the IC if located at the Generator's Facilities. Current transformers for metering at the Navajo switchyard will be provided and installed by APS at IC's cost.
- Current transformer windings (typical configurations) are either:
 - A single primary winding and single secondary winding with dual ratio tap;
 - A dual primary winding and a single ratio tap;
 - A single primary winding and one or more secondary windings with dual ratio tap(s); or
 - Other combinations as available and approved by APS.
- Rated primary current
 - The rated primary current must be as specified by the Metered Entity.
- Rated secondary current
 - The rated secondary current must be 1 or 5 amperes @ rated primary current depending on the type of CT.
- Accuracy and burden
 - Standard – plus-or-minus 0.3% @ B0.1 - 1.8 ohms, 10% - 100% rated current
 - Optional – plus-or-minus 0.15 % @ B0.1 - 1.8 ohms, 5% - 100 % rated current
- Continuous current rating factor
 - Standard – 1.5 @ 30 degrees C Ambient
 - Optional – 1.0 @ 30 degrees C Ambient
- Short time thermal current rating
 - 25/50: 5 ratio, 4 kA RMS to 1500/3000:5 ratio, 120 kA RMS.
- Mechanical short time current rating
 - 25/50:5 ratio, 3 kA RMS to 1500/3000:5 ratio, 90 kA RMS.
- General Standards for Voltage Transformers
 - Voltage transformers will be provided and installed by the IC if located at the Generator's facilities. Voltage transformers for metering at the Navajo switchyard will be provided and installed by APS at IC's cost.
 - Transformer windings consist of a single primary winding and one or more tapped secondary windings.
 - Rated primary voltage, as specified by the CAISO Metered Entity, must be 34,500 volts through 525,000 volts, L-L.
 - Rated secondary voltage must typically be 115/69 volts.
 - The ratio of primary to secondary windings must be 300/500:1 through 1200/2500:1.
 - Accuracy and burden
 - Standard – plus-or-minus 0.3% through B. ZZ @ 90% through 110% of nominal voltage
 - Optional – plus-or-minus 0.15% through B. Y 90% through 110% of nominal voltage.
 - Thermal burden rating
 - 34.5 kV – 2500 VA, 60 hertz
 - 60 kV & 69 kV – 4000 VA, 60 hertz
 - 115 kV – 6000 VA, 60 hertz

- 230 kV – 12000 VA, 60 hertz
- 525 kV – 24000 VA, 60 hertz.

4. Power Factor Requirements

The APS Open Access Transmission Tariff (OATT) policy regarding power factor requires all Interconnection Customers to maintain an acceptable power factor at the Point of Interconnection (POI), subject to system conditions. The APS OATT also requires Interconnection Customers to be able to achieve +/- 0.95 power factor with dynamic reactive control at the high side of the generator substation at all dispatch levels. Furthermore, APS requires Interconnection Customers to have dynamic voltage control and maintain the voltage as specified by the transmission operator within the limitation of +/- 0.95 power factor, as long as the Project is online and generating or charging. Control should be automatic voltage regulation (AVR) mode in compliance with FAC-002-4 R1 and the Operating Agent provided voltage schedule. Other modes of operation require the permission of the Operating Agent. If the Project's equipment is not capable of this type of response, a dynamic reactive device will be required. APS has the right to disconnect the Project if system conditions dictate the need to do so in order to maintain system reliability.

5. Reactive Support

The project satisfies the reactive power requirement.

6. System Reinforcements

No system improvements or reinforcements are needed to accommodate the output of the plant.

7. Control Technologies and Protective Systems

The Generating Facility will use a Power Plant Controller (PPC) which is closed loop logic controller that will dispatch the plant to maintain a specific active and reactive power output at POI.

8. Actions and Obligations When Output Is Exceeding the Interconnection Service Level

If the Generating Facility is exceeding its contracted Level of Interconnection Service, APS will contact the Generator Operator and/or Generating Facility's Balancing Authority and issue an Operating Instruction to return the output to the contracted Level of Interconnection Service. If the Generating Facility's output has not begun to reduce to the contracted Level of Interconnection Service within the time period specified in the Operating Instruction, APS can take action up to and including disconnection of the Generating Facility from the Transmission System at the Point of Interconnection following notification to the Generator Operator and/or Generating Facility's Balancing Authority.

9. Electric Storage Resources

In reference to Section 9.6.4.4 the following specifies the requirement for the electric resource's facility:

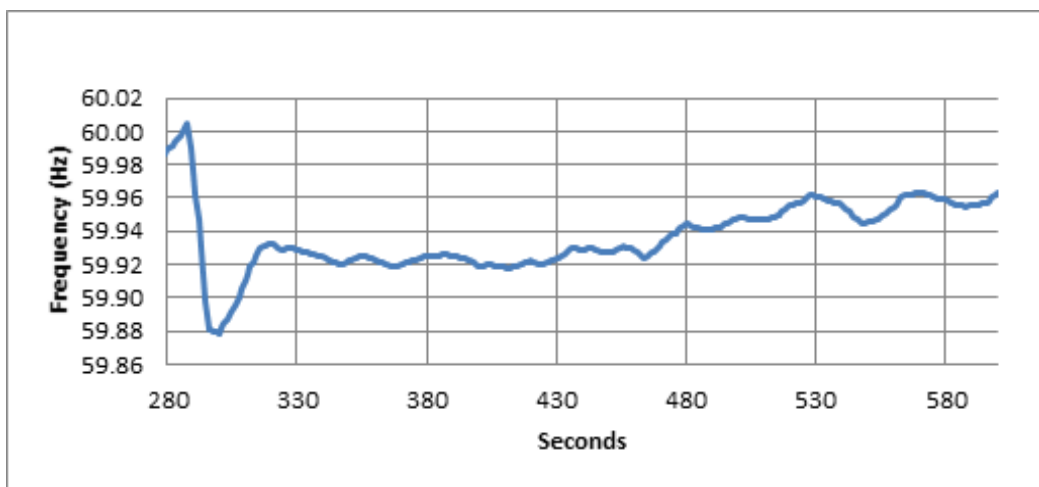
- Minimum State of Charge at which Interconnection Customer shall be required to provide primary frequency response = 10%
- Maximum State of Charge=100%
- The operating range is static and is not subjected to change unless agreed upon by transmission owner in advance
- The expected range of frequency deviation in the interconnection is .05 Hz to .25 Hz
- The frequency deviation is expected to last about 5 to 10 minutes
- The frequency deviation events are expected to occur approximately 10 times per month

In the above specification of minimum and maximum state of charge, the following has not been considered:

- the physical capabilities of the electric storage resource which may be updated under infrequent circumstances such as extreme weather, partial unscheduled outage, scheduled biannual maintenance, safety conditions or other factors that may degrade performance
- operational limitations of the electric storage resource due to manufacturer specifications
- any other relevant factors agreed to by Operating Agent and Interconnection Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate

If there are any such limitation, the minimum and maximum state of charge requirements can be modified in consultation with the transmission owner.

A typical frequency response event is shown below:



Appendix D

Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. All Participants, and Interconnection Customers interconnected to the Transmission System are expected to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E

Commercial Operation Date

[Date]

Arizona Public Service Company
Attn: Transmission Contracts & Services
2121 W. Cheryl Drive
Phoenix, AZ 85021
Email: INTERDEV@apsc.com

Re: _____ Generating Facility

Dear _____:

On **Click or tap to enter a date.**, **Interconnection Customer** completed the Trial Operation of Unit No. _____. This letter confirms that **Interconnection Customer** commenced Commercial Operation of Unit No. _____ at the Generating Facility, effective as of **Date plus one day** and that **Interconnection Customer** provided the Navajo Project operations personnel advance notice of this intended Commercial Operation Date no less than five Business Days prior to that date.

Thank you.

[Signature]

[Company Name]

Authorized Signer

Interconnection Customer Representative

Appendix F

Addresses for Delivery of Notices and Billings

Notices:

Operating Agent
Arizona Public Service Company
Attn: Manager, Transmission Operations
MS 3262
P.O. Box 53999
Phoenix, AZ 85072

Interconnection Customer

302PN 8me LLC
Attn: Transactions
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Email: transactions@avantus.com

With Copy To Before Commercial Operation Date:
302PN 8me LLC
Attn: Transmission & Interconnection
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Email: Transmission.Interconnection@avantus.com

With Copy To After Commercial Operation Date:
302PN 8me LLC
Attn: NERC Operations
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Phone: (530) 350-5256
Email: Nerc.operations@avantus.com

Arizona Public Service
Arizona Public Service Company
Attn: Supervisor, Transmission Contracts & Services
2121 West Cheryl Drive
Phoenix, AZ 85021
Phone: (602) 250-4330
Email: INTERDEV@apsc.com

LADWP

Los Angeles Department of Water & Power
Attn: Jom Woramali
Transmission Assets Management
Room 1246, JFB
111 N. Hope St.
Los Angeles, CA 90012
Phone: (213) 367-1672
Email: WoraratJom.Woramali@ladwp.com

NV Energy
NV Energy
Manager, Transmission Business Services
MS S3B40
PO Box 10100
Reno, NV 89520
Phone: (775) 834-4802
TransmissionPolicy@NVEnergy.com

Salt River Project
Manager, Transmission Participation & Interconnection Projects
Salt River Project
P.O. Box 52025, MS POB100
Phoenix, AZ 85072-2025
Email: SRPInterconnections@srpnet.com

Tucson
Tucson Electric Power Company
Director, System Control & Reliability
3950 E. Irvington Rd
Tucson, AZ 85714
Phone: (520) 745-7106
Email: Interconnections@tep.com

United States
Bureau of Reclamation, Lower Colorado Region
Deputy Regional Director
P.O. Box 61470
Boulder City, NV 89006-1470
Phone: (702) 293-8409

Bureau of Reclamation, Lower Colorado Region
Chief, Power Office
P.O. Box 61470
Boulder City, NV 89006-1470
Phone: (702) 293-8125

Western Area Power Administration
Western Area Power Administration
Attn: Manager, Transmission Planning South
MS J7200. Ph
P.O. Box 6457
Phoenix, AZ 85005-6457
Phone: (602) 605-2662
Facsimile: (602) 605-2630
Email: JJohnston@WAPA.gov

Western Area Power Administration
Attn: Manager, Power Contracts and Energy Services
MS G6200
P.O. Box 6457
Phoenix, AZ 85005-6457
Phone: (602) 605-2594
Facsimile: (602) 605-2490
Email: weeks@WAPA.gov

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Operating Agent
Arizona Public Service Company
Attn: Director, Transmission Operations and Maintenance
Mail Station 3240
P.O. Box 53999
Phoenix, AZ 85072
Phone: (602) 250-4464

With a copy to
Arizona Public Service Company
Attn: Supervisor, Transmission Contracts & Services
MS 3294
P.O. Box 53999
Phoenix, AZ 85072-3999
Phone: (602) 250-4330
Email: INTERDEV@apsc.com

Interconnection Customer
302PN 8me LLC
Attn: Transactions
1801 Century Park East, Suite 700
Los Angeles, CA 90067
Phone: (323) 525-0900
Email: transactions@avantus.com

With Copy To Before Commercial Operation Date:
302PN 8me LLC
Attn: Transmission & Interconnection
1801 Century Park East, Suite 700
Los Angeles, CA 90067
Email: Transmission.Interconnection@avantus.com

For Billings:

Operating Agent
Arizona Public Service Company
Attn: Manager, Transmission Operations
MS 3262
P.O. Box 53999
Phoenix, AZ 85072

With a copy to
Arizona Public Service Company
Attn: Supervisor, Transmission Contracts & Services
MS 3294
P.O. Box 53999
Phoenix, AZ 85072-3999
Phone: (602) 250-4330
Email: INTERDEV@apsc.com

Interconnection Customer:

302PN 8me LLC
Attn: Accounts Payable
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Email: ap@avantus.com

With Copy To:
302PN 8me LLC
Attn: Transactions
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Email: transactions@avantus.com

With Copy To Before Commercial Operation Date:
302PN 8me LLC
Attn: Transmission & Interconnection

4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Email: Transmission.Interconnection@avantus.com

With Copy To After Commercial Operation Date:
302PN 8me LLC
Attn: NERC Operations
4370 Town Center Blvd., Suite 110
El Dorado Hills, CA 95762
Phone: (530) 350-5256
Email: Nerc.operations@avantus.com

Appendix G

RESERVED

Exhibit 1

Navajo Project Interconnector Cost Responsibility Ratio

This Exhibit 1 provides the computation of the Cost Responsibility Ratio (“CRR”) for the Transmission System Interconnection Facilities after Interconnection Customer’s interconnection:

$$\begin{aligned}\text{JPP CRR} &= \frac{A}{A+B+C} = \frac{7}{7+3+0} = \frac{7}{10} = .700 \\ \text{IC CRR} &= \frac{B}{A+B+C} = \frac{3}{7+3+0} = \frac{3}{10} = .300 \\ \text{THIRD PARTY CRR} &= \frac{C}{A+B+C} = \frac{0}{7+3+0} = \frac{0}{10} = .000\end{aligned}$$

Where:	A = Connections used by Joint Participants	7.0
	B = Connections used by Interconnection Customer	3.0
	C = Connections used by others	<u>0.0</u>
	Total Number of Connections	10.0

Exhibit 2

RESERVED

Exhibit 3

RESERVED

Exhibit 4

RESERVED