

**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**AND**

**CITY AND COUNTY OF SAN FRANCISCO**

**FIRST AMENDMENT TO THE  
SECOND AMENDED AND RESTATED  
OPERATING AGREEMENT**

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**FIRST AMENDMENT TO THE  
SECOND AMENDED AND RESTATED  
OPERATING AGREEMENT**

**THIS First Amendment** is made this \_\_\_\_\_ day of \_\_\_\_\_, 2020 and is entered into, by and between:

- (1) The San Francisco Public Utilities Commission, a department of the **City and County of San Francisco**, a municipal corporation, operating under the laws of the State of California ("CCSF");

and

- (2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate (the "CAISO"), hereinafter sometimes referred to collectively as "Parties" and individually as a "Party."

Whereas:

- A.** CCSF owns and operates a number of Generating Units associated with its Hetch Hetchy Project ("Hetch Hetchy Units") interconnected to the transmission facilities of Pacific Gas and Electric Company ("PG&E"), Modesto Irrigation District ("MID"), and Turlock Irrigation District ("TID") through CCSF's 115 kV and 230 kV transmission facilities. The Hetch Hetchy Project is maintained and operated in compliance with the Raker Act. CCSF's 115 kV and 230 kV transmission facilities are an integral part of the Hetch Hetchy Project and are not part of the CAISO Controlled Grid. CCSF has not executed the Transmission Control Agreement ("TCA") with the CAISO and therefore retains all rights and obligations associated with ownership and operation of its transmission facilities.
- B.** CCSF operates under an Interconnection Agreement with PG&E, Federal Energy Regulatory Commission ("FERC") Rate Schedule FERC No. 114, ("1987 IA") which PG&E has filed notice to terminate, and which notice of termination FERC has accepted effective June 30, 2015, subject to refund and hearing. PG&E has filed a replacement transmission interconnection agreement, FERC Electric Tariff Volume No. 5, Service Agreement No. 284 ("Replacement IA"), which FERC has

accepted effective July 1, 2015, subject to refund and hearing (“CCSF IA” refers to the IA in effect at the relevant time).

- C. CCSF and the CAISO are signatories to the Operating Agreement. (the Agreement), as amended by the First Amended and Restated effective December 1, 2005, and amended by the Second Amended and Restated effective July 1, 2015.
- D. The CAISO is registered with and is certified by NERC as a Reliability Coordinator which RC Services are provided to CCSF per the Reliability Coordinator Services Agreement among CCSF and CAISO dated January 7, 2019.
- E. The Parties desire to amend the Agreement to extend the term of the Agreement, from the Agreement’s current termination date of March 1, 2018, in order to continue the terms and conditions established in the Agreement, update references to the Reliability Coordinator system operating limits procedure, assist CCSF in prospective transition to another balancing authority area, update compensation for energy in accordance with the CAISO Tariff, and update outage coordination obligations.
- F. In all other respects, the Parties intend that the Agreement remain in full force and effect in accordance with its terms.

NOW THEREFORE, **THE PARTIES AGREE** as follows:

- 1. **Termination.** This First Amendment shall become effective on the Effective Date and remain in full force and effect until the termination or the extension of the term of the Agreement.
- 2. **Amendment to the Agreement.** The Agreement shall be amended as follows:
  - 2.1 Article 3.2 “Termination” of the Agreement is deleted in its entirety and Article 3.2 is substituted in its place as below.
    - “3.2 **Termination.** This Agreement will terminate at the earliest of:
      - (a) On a date that is ten years after the Effective Date.
      - (b) The date CCSF becomes a Participating Transmission Owner;
      - (c) CCSF becomes a Metered Subsystem, provided that the CAISO has been provided with 45 days advance written notice;
      - (d) CCSF’s Electric System is resident in a Balancing Authority Area other than that of the CAISO, provided the CAISO has been provided with 45 days advance written notice; or

- (e) Six months after mutual agreement of the Parties.

With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement was filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if the filing of the notice of termination is made after the preconditions for termination have been met or the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the CAISO's notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. Any termination by CCSF upon 45 days prior notice to the CAISO shall relieve CCSF of its obligation and cause CCSF to forego its rights herein as of the termination effective date, regardless of action or inaction by the CAISO or FERC, provided that CCSF shall cease taking any service provided under this Agreement by the CAISO as of the effective date of its termination. Any outstanding charges or settlements that arose under this Agreement shall survive until they are satisfied."

- 2.2 Article 3.2.1 "Transition Assistance" is added to the Agreement as below:

**"3.2.1 Transition Assistance.** Except in the case of a termination for a default by CCSF, if CCSF so requests, CAISO will reasonably assist CCSF to transition to another Balancing Authority Area, including providing data and assistance, provided that CCSF will reimburse CAISO for its reasonable costs of such assistance, as agreed upon by the parties' authorized representatives."

- 2.3 Article 4.2.2 "Compensation" of the Agreement is deleted in its entirety and Article 4.2.2 is substituted in its place as below:

**"4.2.2. Compensation.** CCSF will be compensated for the Energy pursuant to Section 4.2.1 for each Settlement Interval at the higher of: (1) the Resource-Specific Settlement Interval LMP; (2) the Energy Bid price, if applicable; or (3) the Default Energy Bid, calculated in accordance with the CAISO Tariff."

- 2.4 Article 4.3.5 "Outage Coordination" of the Agreement is deleted in its entirety and Article 4.3.5 is substituted in its place as below.

**"4.3.5 Outage Coordination.** CAISO, as the Balancing Authority, and CCSF, through its Transmission Operator, shall coordinate outages in accordance with Applicable NERC/WECC Reliability Requirements and CAISO Tariff Sections 9.3.6 and 9.3.10. CAISO and CCSF, through its Transmission Operator, will provide Outage information for the Hetch Hetchy bulk electric system facilities, Outages affecting the CCSF-PG&E Interconnection (as set forth in section 10.2 of the CCSF-PG&E Transmission Interconnection Agreement), the Standiford

Interconnection or the Oakdale Interconnection in accordance with the mechanisms and timing required for transmission facilities in CAISO Tariff Section 9.3.6, Maintenance Outages, and CAISO Tariff Section 9.3.10, Forced Outages. CAISO will approve the Outages in accordance with the terms in the same CAISO Tariff Sections.”

- 2.5 Article 4.4 “Real Time Operating Limits” of the Agreement is deleted in its entirety and Article 4.4 is substituted in its place as below.

**“4.4 Real Time Operating Limits.** The real time operating limits for the CCSF-PG&E Interconnection, the Oakdale Interconnection and the Standiford Interconnection will be specified in the Transmission Rights and Transmission Curtailment (“TRTC”) Instructions provided by CCSF to the CAISO, and may be updated as necessary by CCSF via its facility rating updates pursuant to FAC-008 and the CAISO Reliability Coordinator System Operating Limits Methodology For The Operations Horizon: Procedure No. RC0610 or its successor<sup>1</sup>. CCSF may schedule or have scheduled up to the total Intertie operating limits between the CAISO Balancing Authority Area and the BANC and TID Balancing Authority Areas at the Standiford Interconnection and the Oakdale Interconnection, respectively, as those limits are determined from time to time in accordance FAC-008 and the CAISO Reliability Coordinator System Operating Limits Methodology For The Operations Horizon: Procedure No. RC0610 or its successor and with applicable agreements as described below. While the 1987 IA remains in effect, any disagreement related to TRTC Instructions using CCSF’s Existing Contract transmission rights at the CCSF-PG&E Interconnection will be resolved pursuant to the 1987 IA as an Existing Contract in accordance with the CAISO Tariff. Any disagreement related to TRTC Instructions with respect to real time operating limits for the Standiford Interconnection and the Oakdale Interconnection will be resolved in accordance with this Agreement, the ABAOA between the CAISO and BANC, the ICAOA between the CAISO and TID, and the CCSF TRTC Instructions.”

3. Complete Agreement. This First Amendment constitutes the complete and final agreement of the Parties with respect to the purpose of this First Amendment as described in the Recitals hereto and supersedes all prior understandings, whether written or oral, with respect to such subject matter.
4. Full Force and Effect. Except as expressly modified in this First Amendment, the Agreement shall remain in full force and effect in accordance with its terms, and the unmodified provisions of the Agreement shall apply to any new rights and/or obligations established by this First Amendment.
5. Counterparts. This First Amendment may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same agreement.

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<sup>1</sup> <http://www.caiso.com/Documents/RC0610.pdf>

6. CCSF Approval. CCSF shall submit legislation to the Board of Supervisors (“Board”) approving this First Amendment. Notwithstanding anything herein to the contrary, CAISO understands and agrees that no officer or employee of the City has authority to commit CCSF to this First Amendment unless and until the Board shall have duly approved this First Amendment in accordance with all applicable laws. The Board may approve or reject this First Amendment in its sole discretion. Therefore, any obligations of the City hereunder are contingent upon such approval by the Board, and this First Amendment shall not be effective unless and until such Board approval is final. In the event the Board authorizes the City to enter into this First Amendment, the effective date of the legislation shall be the effective date of this First Amendment (the “Effective Date”). In the event the Board does not approve the First Amendment, then this First Amendment shall terminate and shall be of no force and effect whatsoever.

**IN WITNESS WHEREOF**, the Parties have caused this First Amendment to be duly executed by and through their respective authorized representatives.

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City and County of San Francisco:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

CITY ATTORNEY

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Deputy City Attorney