

EXHIBIT A
OPERATING PROTOCOLS

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Pursuant to Section 4.01 of this Order, Utility shall perform the day-to-day scheduling and dispatch functions, including day-ahead, hour-ahead and real-time trading, scheduling of transactions with all involved parties on behalf of DWR, making surplus energy sales and obtaining relevant information for these functions such as transmission availability and others, with respect to the Allocated Contracts set forth in Schedule 1 hereto, all as more specifically provided below and in compliance with the provisions of each of the Contracts:

- I. Resource Commitment and Dispatch. Utility shall use good faith efforts to dispatch Allocated Contracts and, prior to novation, Interim Contracts, based on the principle of “least cost dispatch” to retail customers, consistent with the Contract Allocation Order and other Applicable Commission Orders.
 - A. Annual and Quarterly Load and Resource Assessment Studies. Utility shall provide to DWR copies of its annual and quarterly load and resource assessment studies. Provided that Utility submits substantially the same information to the Commission, copies of the Commission submission will be simultaneously sent to DWR to satisfy requirements of this section.
 - B. Resource Categorization. The Allocated Contracts and Interim Contracts have been divided into the following categories:
 1. Must Take Resources. The must-take resources included in Utility’s integrated portfolio consist of URG and the Must-Take Contracts. A list of the Must-Take Contracts is provided in Attachment 1 to Exhibit A of this Order.
 2. Dispatchable Resources. The dispatchable resources included in Utility’s integrated portfolio consist of URG and the Dispatchable Contracts. A list of the Dispatchable Contracts is provided in Attachment 2 to Exhibit A of this Order.
 3. Energy and Time Limited Resources. The energy and time limited resources include certain of the Allocated Contracts (e.g. peakers), the Interim Contracts and certain of the URG resources (e.g. hydro). A list of the energy and time limited resources included in the Allocated Contracts and Interim Contracts are provided in Attachment 5 to Exhibit A of this Agreement. A list of the energy and time limited resources included in URG is set forth in Attachment 6 to this Exhibit A. Some energy and time limited

resources, such as hydro, are also “must-take” resources and their listing on Attachments 5 and 6 does not exclude these resources from being classified as “must-take” for purposes of this Order.

4. Annual Updates. Utility shall on January 1 of each calendar year update the description of resources set forth in Attachments one through six of Exhibit A. Utility will advise DWR in a timely manner if major units/contracts are acquired or retired/mature.

C. Scheduling Protocols.

1. DWR is responsible for notifying the counter-party to each of the Allocated Contracts that scheduling under the Allocated Contracts will be performed by Utility before the first day that schedules are due to be submitted by Utility. DWR is responsible for notifying Utility of any changes to the Allocated Contracts that it has negotiated, including changes to the scheduling terms. DWR agrees to provide such notice as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any changed provisions become effective.

To the extent that any of the Interim Contracts are amended or modified by DWR or Utility, including changes to the scheduling terms, DWR and Utility agree to provide such notice to the other Party as soon as possible following the negotiation of any changed provisions and in any case prior to the time that any such changes provisions become effective.

2. Utility shall to schedule Contracts in accordance with their terms and in accordance with the requirements of the Control Area operator or operators with whom the Contract must be scheduled to provide for power delivery.

II. ISO Ancillary Service (AS) Market. Among the Contracts are resources that are or may become qualified to be bid into the ISO’s Ancillary Services (“AS”) market or that Utility may use in its self-provision of AS. Utility shall develop protocols and procedures for the use of DWR resources for AS, subject to review by DWR.

III. Surplus Energy Sales and Energy Exchanges

- A. Over-generation. In an over-generation situation (i.e., a condition where must take resources are in excess of retail load, wholesale load and available surplus sales and it is necessary to physically back-down must-take resources), or an anticipated or projected over-generation situation, Utility will determine which must-take resource should back down in

accordance with the ISO tariff, Good Utility Practice and Utility's back-down protocols, provided such back-down protocols have been provided to DWR and DWR has not objected to them. In the event DWR objects to Utility's back-down protocols, any disputes shall be submitted to Commission for resolution. In order to reduce the need for physical curtailment in over-generation situations, DWR and Utility shall develop pay for curtailment protocols and procedures that will enable Utility to instruct a must-take resource not to deliver energy under specified conditions for review and approval. The costs and charges associated with mitigation of an over-generation situation shall be allocated among the parties on a pro-rata basis consistent with the surplus sales allocation principles set forth in Exhibit C.

- B. Energy Exchange Arrangements. Existing non-DWR/CERS exchanges and those that might be transacted post-2002, will be considered URG exchanges. The accounting of energy necessary to support energy exchanges is addressed in Exhibit C.
 - C. Surplus Energy Sales Arrangement. Utility shall on a monthly basis and updated weekly basis prepare a sales plan addressing balance of month, weekly, balance of week and other short-term sales for review by DWR. To the extent there is surplus power uncommitted to a forward energy surplus sales transaction or the Parties are unable to agree on a sales plan for such energy, Utility shall be required to sell such surplus energy in the day-ahead, hour-ahead or real-time market. Utility shall arrange for transmission service to accommodate surplus sales to the extent that transmission service is available and cost effective. The costs of transmission service and the costs of firm transmission rights associated with such surplus energy sales transactions shall be treated in accordance with the Settlement Principles for Remittances and Surplus Revenues attached hereto as Exhibit C. For surplus energy sales to third parties, Utility shall apply prudent credit risk management criteria to ensure that such purchasers meet or exceed DWR credit criteria, then consistent with industry accepted credit standards. If Utility sells surplus Power to an entity that requires collateral, the cost and obligation to post such collateral shall be Utility's responsibility.
- IV. Daily Information. On a daily basis, Utility shall transmit to DWR a copy of its day-ahead and hour-ahead schedules submitted to the ISO. Utility shall remit DWR Revenues to DWR for each transaction day consistent with the Settlement Principles for Remittances and Surplus Revenues set forth in Exhibit C hereto and the provisions of the Servicing Arrangement.
- V. Outage Coordination and Determination of Resource Availability of Contracts. Utility shall communicate with the SC of each Contract to coordinate, approve, document and report planned Contract outages. For those Contracts where

resource availability affects capacity payments, Utility will use good faith efforts to verify supplier actual resource availability, and keep records of resource availability as reported by Seller. In addition, Utility shall document all outages (forced and planned) and notices of outages and provide such documents to DWR within five (5) business days after the end of each calendar month.

- VI. Interim Contracts. Utility shall and DWR agrees to update the Attachments and data requirements associated with this Order as needed to incorporate the addition of new Interim Contracts entered into after the effective date of this Order.

Attachment 1 to Exhibit A

Must-Take Resources -Contracts

Attachment 2 to Exhibit A

Dispatchable Resources - Contracts

Attachment 3 to Exhibit A

Energy and Time Limited Resources - Contracts