

July 5, 2024

The Honorable Debbie-Anne A. Reese
Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operation Corporation

**Filing of Applicant Participating Transmission Owner
Agreement with SunZia Transmission, LLC
Service Agreement No. 8329**

Docket No. ER24-____-000

Dear Secretary Reese:

The California Independent System Operator Corporation (“CAISO”) submits for Commission acceptance an Applicant Participating Transmission Owner Agreement (“APTOA”), which has been executed by the CAISO and SunZia Transmission, LLC (“SunZia”).¹ The APTOA sets forth the terms and conditions that will govern SunZia’s responsibilities and relationship with the CAISO prior to such time as the CAISO assumes operational control over the SunZia transmission facilities and entitlements (“Project”), which include a high-voltage direct current transmission project in New Mexico and entitlements across Arizona.

On May 23, 2024, the CAISO Board of Governors (“CAISO Board”) approved SunZia’s application to become a Participating Transmission Owner (“Participating TO”) in the CAISO with regard to the Project, as a Subscriber Participating TO and subject to certain conditions discussed below. In the meantime, the APTOA will allow SunZia to participate in the CAISO’s generator interconnection process and transmission planning studies as if SunZia were a Participating TO, including determining the reliability of any future requested generator interconnections to the Project and the CAISO controlled grid in New

¹ The CAISO submits this filing pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO Tariff. The APTOA is provided in Attachment A to this filing and is designated as Service Agreement No. 8329 under the CAISO Tariff.

Mexico. The APTOA is very similar to the Applicant Participating Transmission Owner Agreement between the CAISO and TransWest Express, LLC (“TransWest”), another Subscriber Participating TO, which the Commission accepted for filing last year.² The CAISO requests that the Commission accept the APTOA effective September 4, 2024, 61 days after the date of this filing.

I. Background

Transmission owners that place their transmission facilities and entitlements under the CAISO’s operational control become Participating TOs pursuant to an agreement among the CAISO and Participating TOs called the Transmission Control Agreement (“TCA”).³ The TCA describes how the CAISO and each Participating TO will discharge its respective duties and responsibilities with regard to the operation of those facilities and entitlements.⁴

The Project consists of transmission facilities consisting of a 552-mile, high-voltage direct current (“HVDC”) bi-pole transmission facility connecting up to 3,021 MW of wind generation in New Mexico, with 2,131 MW currently planned for delivery to California via Pinal Central to the Palo Verde substation using entitlements across Arizona (“Arizona Entitlements”). The Commission previously accepted the SunZia Open Access Transmission Tariff (“OATT”) associated with the Project and related regulatory filings and arrangements.⁵

² *Cal. Indep. Sys. Operator Corp.*, 182 FERC ¶ 61,154 (2023). Both the APTOA between the CAISO and SunZia and the Applicant Participating Transmission Owner Agreement between the CAISO and TransWest are very similar to the CAISO’s *pro forma* Approved Project Sponsor Agreement (“APSA”). See CAISO Tariff, Appendix X (containing *pro forma* APSA) and *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,107 (2014) (conditionally accepting *pro forma* APSA).

³ An entitlement means the right of a Participating TO obtained through contract or other means to use another entity’s transmission facilities for the transmission of energy. Transmission Control Agreement, Appendix D, definition of “Entitlements.” The transmission facilities may also be subject to encumbrances, which are legal restrictions or covenants binding on a Participating TO that affect the operation of any transmission lines or associated facilities and which the CAISO needs to take into account in exercising operational control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. TCA, Appendix D, definition of “Encumbrance.”

⁴ *Cal. Indep. Sys. Operator Corp.*, 82 FERC ¶ 61,325, at 62,276-79 (1998).

⁵ See, e.g., *SunZia Transmission, LLC*, 179 FERC ¶ 61,135 (2022) (granting additional negotiated rate authority to SunZia and discussing earlier Commission orders granting it similar authority for the Project); *SunZia Transmission, LLC*, 185 FERC ¶ 61,252 (2023) (accepting SunZia OATT); *SunZia Transmission, LLC*, Commission letter order, Docket No. ER23-721-000 (Feb. 16, 2023) (accepting Transmission Service Agreement (“TSA”) between SunZia and SunZia Wind PowerCo LLC (“SunZia Wind PowerCo”) for the Project); *SunZia Transmission, LLC*, Commission letter order, Docket No. ER23-2765-000 (Oct. 25, 2023) (accepting amended and restated TSA between SunZia and SunZia Wind PowerCo); *SunZia Transmission, LLC*,

SunZia currently expects to energize the Project in December 2025.

The TCA and the CAISO Tariff set forth procedures for transmission owners to apply to the CAISO to become Participating TOs.⁶ After initial discussions with the CAISO concerning the Project, SunZia submitted an application for Participating TO status that was posted to the CAISO website on January 13, 2024.⁷ In the application, SunZia stated its intent to place the Project under the CAISO's operational control.⁸ SunZia also stated in its application that the costs of the Project would not be included in the CAISO's Transmission Access Charge; rather, SunZia intends that the transmission capacity will be administered according to the Subscriber Participating TO provisions in the CAISO Tariff. The Commission issued an order accepting the CAISO's revisions to the CAISO Tariff to implement the Subscriber Participating TO model on March 12, 2024.⁹

On May 23, 2024, the CAISO Board authorized SunZia to become a Participating TO, conditioned upon SunZia executing the TCA and upon the Commission's acceptance of a Transmission Owner Tariff for SunZia.¹⁰

II. The Applicant Participating Transmission Owner Agreement

A. Background and Purpose

The Project was not identified through the transmission planning process and thus SunZia is ineligible to execute an APSA for its Project.¹¹ However, in

Commission letter order, Docket No. ER23-1472-000 (May 24, 2023) (accepting generator interconnection agreement between SunZia and SunZia Wind PowerCo); Tucson Elec. Power Co., Commission letter order, Docket No. ER23-1458-000 (May 18, 2023) (accepting amended and restated interconnection agreement between Project participants and SunZia).

⁶ CAISO Tariff Section 4.3.1.1; TCA Section 2.2. This application process does not apply to Approved Project Sponsors. TCA Section 2.1.2.

⁷ See <http://www.caiso.com/Documents/SunZiaPTOApplication.pdf>.

⁸ *Id.* at 5.

⁹ *Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,177 (2024).

¹⁰ See motion accepting the application of SunZia for Participating TO status at: <https://www.caiso.com/documents/decisiononsubscriberparticipatingownerapplication-sunziatransmissionllc-motion-may.pdf>

¹¹ Appendix A to the CAISO Tariff defines the APSA as “[a]n agreement between an Approved Project Sponsor and the CAISO establishing the terms and conditions under which the Approved Project Sponsor will complete the siting and construction of the transmission facilities that the Approved Project Sponsor *was selected to construct and own under Section 24*” of the CAISO Tariff, which sets forth the CAISO's Transmission Planning Process (emphasis added). The pro forma APSA is contained in Appendix X to the CAISO Tariff.

light of SunZia's application as a Subscriber Participating TO with respect to the Project, the CAISO has concluded that an agreement with SunZia comparable to the APSA and comparable to an Applicant Participating TO Agreement with another CAISO Board-approved Subscriber Participating TO is appropriate.

Specifically, the CAISO and SunZia have executed the APTOA to allow SunZia to participate as a Participating TO in the CAISO's generator interconnection planning and transmission planning processes, including the study of future generator interconnections to the Project to be studied in queue cluster 16 of the CAISO's generator interconnection process to determine if network upgrades – reliability and deliverability – are required on the existing CAISO controlled grid, and to allow CAISO to leverage SunZia's transmission entitlements in Arizona to support the synchronization of SunZia's HVDC system with the CAISO Balancing Authority Area. Further, the CAISO Tariff does not include provisions applicable to transmission facilities of approved Participating TOs that are under development like the Project. The CAISO Tariff also does not address the obligations (detailed below) that SunZia needs to assume in advance of turning over operational control of the Project to the CAISO. Therefore, those matters must be included in a separate agreement similar to the way in which the details of a generator interconnection are included in a generator interconnection agreement. The APTOA will serve that purpose as to SunZia and its Project. In addition, the APTOA is necessary because, although the CAISO Board has approved SunZia as a Participating TO, SunZia is not subject to the CAISO Tariff until such time as it enters into the TCA and turns the Project transmission facilities over to CAISO operational control. Thus, the APTOA "bridges the gap" until the CAISO Tariff and the TCA can govern SunZia's relationship with the CAISO as a Participating TO.¹² Based on these rationales for the APTOA and the contractual provisions described below, the Commission should accept the APTOA as just and reasonable.

In its 2023 order accepting the Applicant Participating Transmission Owner Agreement between the CAISO and TransWest, the Commission found "the language in [the CAISO-TransWest agreement] largely mirrors the language already approved by the Commission in the *pro forma* APSA" and "provides a mechanism for a potential Participating TO to function as a Participating TO in ways that facilitate the eventual transition of the potential Participating TO to becoming a Participating TO."¹³ Furthermore, the Commission found the agreement between the CAISO and TransWest "bridges the gap until CAISO's Tariff and the TCA can govern TransWest's relationship with CAISO as a Participating TO," thereby "allow[ing], among other things, any requests for

¹² The recitals in the APTOA set out this framework.

¹³ *Cal. Indep. Sys. Operator Corp.*, 182 FERC ¶ 61,154, at P 31.

generator interconnections to the [TransWest] Project to go through and be studied in CAISO's generator interconnection queue."¹⁴ For similar reasons, the Commission should find the APTOA between the CAISO and SunZia is just and reasonable and accept it for filing.

B. Detailed Description of the APTOA

Most of the provisions of the APTOA are substantively similar to the provisions of the Applicant Participating Transmission Owner Agreement between the CAISO and TransWest the Commission accepted for filing last year. Accordingly, the CAISO describes below only the provisions of the APTOA that substantively differ from those in the CAISO-TransWest agreement.

Article 1 of the APTOA provides definitions for certain capitalized terms in the APTOA, including definitions specific to SunZia and the Project.¹⁵ Article 1 also provides that other terms have the definitions given them in the article of the APTOA in which they occur or in Appendix A of the CAISO Tariff.¹⁶

Article 2 of the APTOA governs the effective date, term, and termination of the APTOA. The APTOA is effective upon FERC acceptance. Except for certain specified sections, the APTOA terminates when SunZia turns the Project transmission facilities that are the subject of the APTOA over to CAISO operational control. The exceptions are necessary for provisions that must continue in effect, such as the provisions related to interconnection, insurance, and limitations on liability, after the APTOA terminates. Either the CAISO or SunZia may terminate the APTOA if the CAISO determines that the Project cannot reliably become part of the CAISO controlled grid or that material information in the Participating TO application approved by the CAISO Board is inaccurate, or SunZia determines that the Project is not reasonably expected to become part of the CAISO Controlled Grid, with the CAISO and SunZia required to consult prior to the exercise of the termination provisions. Moreover, the CAISO and SunZia have also agreed to develop mutually agreeable arrangements to allow SunZia to continue commissioning its transmission facilities and wind generating facilities for up to twelve (12) months following termination to allow SunZia sufficient time to complete its Balancing Authority Area registration activities for its facilities. Articles 4, 5, and 6 of the APTOA include provisions indicating that the CAISO obligations and rights applicable to

¹⁴ *Id.*

¹⁵ Like other CAISO agreements, the APTOA consists of numbered articles and sections within those articles.

¹⁶ Repeating definitions unnecessarily can lead to confusion if the tariff term is redefined and the contractual term is not. It is standard CAISO policy to limit definitions in an agreement to those that are not in the CAISO Tariff or require modification for use in the agreement.

the Project do not extend to the Arizona Entitlements, since these are entitlements on transmission facilities that do not form part of the CAISO controlled grid, and are beyond certain planning and operational functions of the CAISO.

Article 4 of the APTOA is for the most part substantively similar to Article 4 of the Applicant Participating Transmission Owner Agreement between the CAISO and TransWest. The CAISO describes the SunZia-specific differences below. CAISO's obligations with regards to Interconnecting transmission owners only applies in the case of a Participating Transmission Owner

Section 4.6 of the APTOA addresses the fact that SunZia has received at least one generator interconnection and one transmission interconnection request associated with the Project. If the generator interconnection requests previously submitted to SunZia are submitted to the CAISO in queue cluster 16 and the transmission project interconnection request is submitted by the close of the application window for queue cluster 16 for processing, then (i) fees applicable to SunZia's actions associated with evaluation of the generator interconnection request previously received will not apply, and (ii) fees applicable to SunZia's actions associated with evaluation of the transmission project interconnection request also will not apply. This is necessary to prevent double charging. Additionally, because these entities have submitted generator and transmission project interconnection requests to SunZia, they will be considered to have queued rights to the remaining bay position necessary to accommodate their physical interconnection at the Pete Heinrich AC Switchyard in New Mexico. This means that, when the associated interconnection requests or transmission project interconnection applications are processed in accordance with the CAISO Tariff, the CAISO will grant access to the reserved open bay positions at the Pete Heinrich AC Switchyard to these applicants. This recognizes the priority of these interconnection requests based on previous submissions under the SunZia OATT. Finally, if the generator interconnection request is not submitted to the CAISO in queue cluster 16 or, for the transmission interconnection project, by the close of the application window for queue cluster 16 and there are other interconnection requests or transmission project interconnection applications submitted to the CAISO, any prior interconnection requests or applications will be withdrawn and the open bay position(s) will be released by the CAISO for use by other applicants.

Section 4.9 of the APTOA recognizes that SunZia obtained authorization to administer the Arizona Entitlements for the transmission of electricity from Pinal Central to the Palo Verde common bus in Arizona and to include them as entitlements under the TCA. The CAISO will administer operational control of the Arizona Entitlements consistent with the administration of entitlements outside of its Balancing Authority Area, understanding this means that its operational control will be subject to the Transmission Rights and Curtailment Instructions

provided by SunZia, to reflect the underlying rights to use the Arizona Entitlements in accordance with the transmission service providers' OATTs.

III. Effective Date

The CAISO requests that the Commission accept the APTOA effective September 4, 2024, 61 days after the date of this filing.

IV. Communications

In accordance with Rule 203(b)(3) of the Commission's Rules of Practice and Procedures,¹⁷ the CAISO requests that all communications regarding this filing should be addressed to the following individual, whose name should be put on the official service list established by the Commission with respect to this submittal:

Roger E. Collanton
General Counsel
John Anders
Assistant General Counsel
California Independent System
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V. Service and Posting

The CAISO has served this filing on SunZia, the California Public Utilities Commission, the California Energy Commission, and all parties with effective scheduling coordinator service agreements under the CAISO Tariff. In addition, the CAISO has posted the filing on the CAISO website.

¹⁷ 18 C.F.R. § 385.203(b)(3).

VI. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A APTOA between the CAISO and SunZia

VII. Conclusion

For the reasons stated above, the CAISO requests that the Commission accept the APTOA with SunZia effective September 4, 2024, 61 days after the date of this filing. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

/s/ John C. Anders
Roger E. Collanton
General Counsel
John C. Anders
Deputy General Counsel
California Independent System
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250 Outcropping Way
Folsom, CA 95630

Attorneys for the California Independent
System Operator Corporation

Attachment A – Executed Agreement
Applicant Participating Transmission Owner Agreement
between
SunZia Transmission, LLC
and
California Independent System Operator Corporation
July 5, 2024

**APPLICANT PARTICIPATING TRANSMISSION OWNER (PTO)
AGREEMENT
BETWEEN**

SUNZIA TRANSMISSION, LLC

AND

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

**APPLICANT PTO AGREEMENT****SUNZIA TRANSMISSION, LLC****CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS **APPLICANT PTO AGREEMENT** ("Agreement") is made and entered into on July 5, 2024, between SunZia Transmission, LLC, a limited liability company organized and existing under the laws of the State of Delaware ("SunZia Transmission" or "Applicant PTO"), and the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California ("CAISO"). The Applicant PTO and the CAISO each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the CAISO exercises Operational Control over the CAISO Controlled Grid and is responsible for organizing the generator interconnection and transmission planning processes for the CAISO Balancing Authority Area; and

WHEREAS, SunZia Transmission applied to become a Subscriber Participating TO in accordance with the Transmission Control Agreement; and

WHEREAS, the CAISO Governing Board approved the SunZia Transmission application to become a Participating TO at its meeting held on May 23, 2024; and

WHEREAS, SunZia Transmission has obtained transmission interconnection service and has access to transmission entitlements to connect the Project to the CAISO Controlled Grid; and

WHEREAS, prior to executing the Transmission Control Agreement and becoming a Participating TO, while this Agreement is effective, SunZia Transmission will participate in the Generator Interconnection Process and Transmission Planning studies as if SunZia Transmission were a Participating TO, as provided in this Agreement and the CAISO Tariff, including determining the reliability of any future requested Generator Interconnection to the Project and the CAISO Controlled Grid; and

WHEREAS, prior to SunZia Transmission becoming a Participating TO by executing the Transmission Control Agreement, the CAISO has agreed to include the transmission interconnection facilities and interconnected generation facilities within its Balancing Authority Area boundaries to facilitate testing and commission activities for the transmission and interconnected generation facilities.



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

ARTICLE 1. DEFINITIONS

When used in this Agreement, a term with initial capitalization shall have the meaning set forth in this Article 1 or the recitals, or if not defined in this Article 1 or the recitals, shall have the meaning specified in the Article in which it is used or in the CAISO Tariff, Appendix A.

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 Western Electricity Coordinating Council or its successor.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Interconnecting TO's Transmission System to which the Project is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

Arizona Entitlements shall have the meaning set forth in the definition of the term Project under this Agreement.

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

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

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, subject to Article 15.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 10 of this Agreement.

Effective Date shall mean the date on which this Agreement becomes effective as specified in Article 2.



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 or any successor agency thereto.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, earthquake, or explosion, any order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Parties that could not have been avoided through the exercise of Good Utility Practice. A Force Majeure event does not include (1) acts of negligence or intentional wrongdoing by the Party claiming Force Majeure; (2) economic conditions that render a Party's performance of this Agreement unprofitable or otherwise uneconomic; (3) economic hardship of either Party; or (4) failure or delay in granting of necessary permits for reasons not caused by Force Majeure.

Good Utility Practice shall mean any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility 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 any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

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 the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Applicant PTO, the CAISO, or any Affiliate thereof.

Interconnecting Transmission Owner or **Interconnecting TO** shall mean any transmission owner other than the Applicant PTO that owns or is building transmission facilities to which the Project will interconnect, provided that the CAISO will only be required to perform an obligation under this Agreement associated with an Interconnecting TO if the Interconnecting TO is also a Participating TO.

Party or Parties shall mean the CAISO, the Applicant PTO, or the applicable combination of the above.



Project shall mean the approximately 552-mile, bi-pole, high voltage direct current (“HVDC”) transmission line in New Mexico and Arizona with a transmission capacity of 3,021 MW, and transmission Entitlements from Pinal Central to the Palo Verde common bus in Arizona (“Arizona Entitlements”), which will connect generating resources in New Mexico and allow energy transfers to Arizona and California.

Project Subscriber shall mean SunZia Wind PowerCo LLC or its assignees of the Arizona Entitlements or the TSA, which are Subscriber(s) as that term is defined in the CAISO Tariff.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, 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.

Resource Interconnection Standards shall be as is defined in the CAISO’s filing to comply with FERC Order No. 2023 submitted in Docket No. ER24-2042, as they may be accepted by FERC and subsequently amended, restated, or supplemented from time to time.

Transmission Interconnection Facilities shall mean the Interconnecting TO’s transmission facilities, including any modification, additions, or upgrades, that are necessary to physically and electrically interconnect the Project to the Interconnecting TO’s transmission system.

Transmission Interconnection Service shall mean the service defined in Section 4.2 of this Agreement.

Transmission Service Agreement (TSA) shall mean the Amended and Restated Transmission Service Agreement dated September 1, 2023, between SunZia Transmission and SunZia Wind PowerCo LLC, as accepted by FERC in *SunZia Transmission, LLC*, Docket No. ER23-2765-000 (unpublished letter order issued October 25, 2023), and as it may be amended, restated, or supplemented from time to time.

ARTICLE 2. EFFECTIVE DATE, TERM, AND TERMINATION

2.1 Effective Date. This Agreement shall become effective upon acceptance by FERC. The CAISO shall promptly file this Agreement with FERC upon execution in accordance with Section 3.1, if required.

2.2 Term of Agreement. This Agreement shall remain in effect until termination consistent with Section 2.3.

2.3 Agreement Termination.

2.3.1 Except for the rights and obligations set forth in Sections 4.6, and as provided in Article 11, this Agreement shall terminate when the Project has been turned over to CAISO Operational Control. The rights and obligations set forth in Section 4.6 shall survive termination of this Agreement, be administered solely according to the CAISO Tariff and no longer be subject to this Agreement, and shall terminate on the later of the date of submittal of the interconnection request applications to the CAISO identified in Section 4.6 or December 31, 2026. Article 11 shall survive termination of this Agreement in accordance with its terms.

2.3.2 A Party may terminate this Agreement in accordance with Article 10.

2.3.3 Either Party may file with FERC a notice of termination to terminate this Agreement if the CAISO reasonably determines that the Project cannot reliably become part of the CAISO Controlled Grid consistent with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice or the CAISO determines that material information in the Participating TO application approved by the CAISO Governing Board is inaccurate or if SunZia Transmission concludes that the Project will not proceed in becoming a part of the CAISO Controlled Grid. Prior to either Party filing a notice of termination with FERC, such Party shall engage in good faith discussions with the other Party to discuss an alternative to termination including the below:

(i) The Parties agree that prior to filing a notice of termination before SunZia Transmission becomes a Subscriber Participating TO under the Transmission Control Agreement, the Parties will engage, in good faith, to negotiate any necessary agreements and arrangements to allow the Project (excluding Arizona Entitlements) to remain within the CAISO Balancing Authority Area for the purposes of start-up, testing, and energization of the transmission facilities in accordance with Article 6.4 for a period of time that is reasonably sufficient (not to exceed 12 months) to allow SunZia Transmission to register as a new Balancing Authority or obtain Balancing Authority services from another entity. For the avoidance of doubt, any generating units connected to the Project may also perform testing and energization in accordance with the agreements and arrangements referenced in this Section 2.3.3 (i).

2.3.4 Notwithstanding Sections 2.3.1, 2.3.2 and 2.3.3, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination and FERC has accepted the notice of termination.

ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE

- 3.1 Filing.** The CAISO shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority. The Applicant PTO may request that any information included in such filing be subject to the confidentiality provisions of Article 15. If the Applicant PTO has executed this Agreement, or any amendment to this Agreement, the Applicant PTO shall reasonably cooperate with the CAISO with respect to such filing and to provide any information reasonably requested by the CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** As of the Effective Date, the Applicant PTO shall comply with all applicable provisions of the CAISO Tariff.
- 3.3 Relationship Between this Agreement and the CAISO Tariff.** If and to the extent a provision of this Agreement is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Applicant PTO, the CAISO Tariff shall govern.
- 3.4 Requirement to Become a Participating TO Upon Completion of the Project.** The Applicant PTO agrees that, unless this Agreement is terminated in accordance with Article II, the Applicant PTO shall grant CAISO Operational Control of the Project in accordance with the Transmission Control Agreement.
- 3.5 Relationship Between this Agreement and the Transmission Control Agreement.** Once the Applicant PTO has entered into the Transmission Control Agreement, if and to the extent a matter specifically addressed in this Agreement is inconsistent with the Transmission Control Agreement, the terms of the Transmission Control Agreement shall govern.

ARTICLE 4. SCOPE OF SERVICE

- 4.1 Transmission Facilities.** The Applicant PTO shall build and connect to the CAISO Controlled Grid the Project as described in the Participating TO application approved by the CAISO Governing Board.
- 4.2 Transmission Interconnection Service.** Transmission Interconnection Service allows the Applicant PTO to connect the Project to the facilities of an Interconnecting TO that is not part of the CAISO Controlled Grid. By separate agreement, which has been accepted by FERC in Docket No. ER23-1458 (and as it may be amended, restated, or supplemented from time to time), the Applicant PTO will receive Transmission Interconnection Service from Interconnecting TOs. This separate agreement with each Interconnecting TO does not conflict with this Agreement and identifies the responsibilities for the Transmission Interconnection Facilities. The CAISO may facilitate the

coordination between the Applicant PTO and the Interconnecting TOs contemplated by this Agreement.

- 4.3 Applicant PTO to Meet Requirements of the Interconnecting TO.** The Applicant PTO shall comply with the Interconnecting TO's interconnection requirements for transmission interconnections.
- 4.4 Performance Standards.** Each Party shall perform all of its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. To the extent a Party is required to take, or is prevented from 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 lack of compliance therewith, and if such Party is the CAISO, then the CAISO shall have the authority to amend this Agreement unilaterally to eliminate the conflict with such regulations or standards and shall submit the amendment to FERC for approval, if applicable.
- 4.5 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Applicant PTO shall provide information to the CAISO regarding the status of the Project on a quarterly basis, including changes to technical data that may arise after the CAISO Governing Board approval of the Project, or more often if requested by the CAISO, in a manner comparable to the construction report template for the Approved Project Sponsors which is posted on the CAISO website.
- 4.6 Generator Interconnection Study Process.**
- 4.6.1** The Applicant PTO received one generator interconnection request and one transmission project interconnection request in June 2023. The CAISO will not accept the generator interconnection request received by the Applicant PTO as a generator interconnection request submitted in the CAISO's Queue Cluster 15 and will not evaluate the transmission project interconnection application. The entity that submitted the generator interconnection request to the Applicant PTO may submit an Interconnection Request and be processed in the CAISO's Queue Cluster 16 consistent with the CAISO Tariff. The transmission project interconnection request will be processed by the Applicant PTO and the CAISO when an application therefor is submitted to the CAISO in accordance with the CAISO Tariff.

If the entities that previously submitted generator and transmission project interconnection requests to the Applicant PTO file Generator Interconnection Requests with the CAISO in Queue Cluster 16, or transmission project interconnection request by close of the Cluster Application Window for Queue Cluster 16, in accordance with the CAISO Tariff, then (i) fees applicable only to the Applicant PTO's actions associated with evaluation of the generator

Interconnection Request shall not apply, provided the generator Interconnection Request does not include a request for deliverability, and (ii) fees applicable only to the Applicant PTO's actions associated with evaluation of the transmission project interconnection request shall not apply. However, the Applicant PTO must reimburse the CAISO and any Affected Participating TO(s) for the cost incurred for such generator and/or transmission interconnection studies consistent with the study costs included in the CAISO Tariff if the applicable fees paid by the interconnection customer are insufficient to cover the required actions of the CAISO and any Affected Participating TO(s). Any conflict or ambiguity between this article and the Resource Interconnection Standards regarding the payment of fees by the interconnection customer will be resolved in favor of the Resource Interconnection Standards.

Additionally, because these entities have submitted generator and transmission project interconnection requests to the Applicant PTO, they will be considered to have queued rights to the remaining bay position(s) necessary to accommodate their physical interconnection at the Pete Heinrich AC Switchyard in New Mexico. Further, when the associated Interconnection Requests or transmission project interconnection applications are processed in accordance with the CAISO Tariff, the CAISO will grant access to the reserved open bay positions at the Pete Heinrich AC Switchyard to these applicants.

Notwithstanding the above, if the generator Interconnection Request is not submitted to the CAISO in Queue Cluster 16 or, for the transmission interconnection project, by the close of the Cluster Application Window for Queue Cluster 16 and there are other Interconnection Requests or transmission project interconnection applications submitted to the CAISO, any prior interconnection requests or applications that may have been submitted to the Applicant PTO will be withdrawn and the open bay position(s) will be released by the CAISO for use by other applicants.

4.6.2 As of the Effective Date, all future requests for generation interconnection to the Project (except the Arizona Entitlements) submitted to the Applicant PTO shall be conducted solely through the CAISO Interconnection Request process. The Applicant PTO shall assume the functions of a Participating TO in accordance with Section 25 and Appendix DD of the CAISO Tariff, or any successor interconnection standards. Similar to Participating TOs, the Applicant PTO will be reimbursed for the actual costs incurred for the analysis by the requesting customers in accordance with the CAISO Tariff.

4.6.3 Any Generator Interconnection Agreements for interconnection to the Project entered into after the Effective Date shall be executed consistent with the relevant terms and conditions of the CAISO Tariff and any terms and conditions related to responsibility for outage costs applicable to interconnection customers in accordance with the Applicant PTO open access transmission tariff as

accepted by FERC in Docket No. ER23-2146-001 (and as it may be amended, restated, or supplemented from time to time).

- 4.7 Planning Authority.** The CAISO is the Planning Authority, as that term is defined by NERC, for the portion of the Project that does not include the Arizona Entitlements as of the Effective Date, regardless of the status of Project construction or energization. As such, the Applicant PTO shall be subject to the rights and obligations set forth in CAISO Tariff Section 24 and the Business Practice Manual for Transmission Planning Process that are applicable to Participating TOs as they pertain to the Project.
- 4.8 Tax Status.** Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the CAISO's or the Applicant PTO's tax-exempt status with respect to the issuance of bonds, including Local Furnishing Bonds, if any.
- 4.9 Entitlement Rights.** The Applicant PTO has obtained authorization from Project Subscriber to administer the Arizona Entitlements (subject to the Project Subscriber's continuing right to use the Arizona Entitlements for the transmission of electricity to the Palo Verde common bus in Arizona) and to grant CAISO Operational Control under the Transmission Control Agreement. The CAISO will administer Operational Control of the Arizona Entitlements consistent with the Transmission Rights and Curtailment Instructions provided by the Applicant PTO, which the Applicant PTO will ensure are in compliance with the terms and conditions set forth in the applicable Open Access Transmission Tariffs and business practices of the Arizona Entitlements transmission service providers. The CAISO and SunZia Transmission agree these Entitlements shall be included in the start-up, testing, and energization period supporting the extension of the CAISO Balancing Authority Area boundary.

ARTICLE 5. METERING

- 5.1 General.** The Applicant PTO shall comply with any Applicable Reliability Standards and the Applicable Reliability Council requirements regarding metering. The Applicant PTO and the CAISO shall comply with the provisions of the CAISO Tariff regarding metering, including Section 10 of the CAISO Tariff. Power flows to and from the Project (excluding the Arizona Entitlements) shall be measured at or, at the CAISO's option for its respective Metering Equipment, compensated to, the Scheduling Point. The CAISO shall provide metering quantities to the Applicant PTO upon request in accordance with the CAISO Tariff by directly polling the CAISO's meter data acquisition system. The Applicant PTO shall bear all reasonable documented costs associated with the purchase, installation, operation,

testing, and maintenance of the Metering Equipment.

ARTICLE 6. OPERATIONS

- 6.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council operating requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 6.2 CAISO Obligations.** The CAISO shall cause any affected Participating TO(s) and the Project (excluding the Arizona Entitlements) to be operated and controlled in a safe and reliable manner during testing and synchronization and before the Applicant PTO turns the Project over to CAISO Operational Control. The CAISO may provide operating instructions to the Applicant PTO consistent with this Agreement and the affected Participating TO(s), Interconnecting TO's and the CAISO's operating protocols and procedures as they may change from time to time. The CAISO, in coordination with the Interconnecting TO and affected Participating TO(s), will consider changes to operating protocols and procedures proposed by the Applicant PTO.
- 6.3 Applicant PTO Obligations.**
- 6.3.1** The Applicant PTO shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and with the Interconnecting TO's dispatcher or such other representative designated by the Interconnecting TO during synchronization, testing, and energization. The Applicant PTO shall provide standard voice line, dedicated voice line, and facsimile communications at the control room or central dispatch facility of the Project (excluding the Arizona Entitlements) through use of either the public telephone system or a voice communications system that does not rely on the public telephone system. The Applicant PTO shall also provide the dedicated data circuits necessary to provide operational data of the Project (excluding the Arizona Entitlements) to the CAISO and Interconnecting TO as set forth in Appendix B, Security Arrangements Details. The data circuits shall extend from the Project (excluding the Arizona Entitlements) to the locations specified by the CAISO and Interconnecting TO. Any required maintenance of such communications equipment shall be performed by the Applicant PTO. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, and equipment clearances.
- 6.3.2** The Applicant PTO shall at its own expense, operate, maintain, and control the Project (excluding the Arizona Entitlements) in a safe and reliable

manner and in accordance with this Agreement in advance of turning over Operational Control to the CAISO. The Applicant PTO shall not energize the Project (excluding the Arizona Entitlements) with the Interconnecting TO's transmission system until the Interconnecting TO provides prior written approval.

- 6.4 Start-Up and Synchronization.** The Parties shall establish mutually agreed upon procedures for start-up, testing, and energization of the Project (excluding the Arizona Entitlements) to the CAISO Controlled Grid and utilization of the Arizona Entitlements prior to start-up of the Project. The Applicant PTO shall be responsible for proper start-up and energization of the Project in compliance with the established procedures. The CAISO will include the Project within the CAISO Balancing Authority Area during the period of start-up, testing, and energization resulting in an expansion of the CAISO Balancing Authority Area boundary, and the Applicant PTO shall cooperate with the CAISO to implement this arrangement.

ARTICLE 7. REGULATORY REQUIREMENTS AND GOVERNING LAWS

- 7.1 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, and compliance with the prior notice requirements of such Governmental Authorities. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require the Applicant PTO to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.
- 7.2 Governing Law.**
- 7.2.1** The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the laws of the state of California, without regard to its conflicts of law principles.
- 7.2.2** This Agreement is subject to all Applicable Laws and Regulations.
- 7.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

ARTICLE 8. NOTICES

- 8.1 General.** Unless otherwise provided in this Agreement, any notice, demand, or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered, or delivered by (i) recognized national courier, (ii) depositing the same with the United States Postal Service with postage prepaid for delivery by certified or registered mail, addressed to the Party, or (iii) personal delivery to the Party, at the address set out in Appendix A, Addresses for Delivery of Notices.

A Party must update the information in Appendix A as information changes. A Party may change the notice information in this Agreement by giving five Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this Agreement.

- 8.2 Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to another and not required by this Agreement to be given in writing may be given by telephone or e-mail to the telephone numbers and e-mail addresses set out in Appendix A.

ARTICLE 9. FORCE MAJEURE

- 9.1 Force Majeure.**

- 9.1.1** No Party shall be considered to be in Default with respect to any obligation hereunder if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section 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 10. DEFAULT

- 10.1. General.** No Default shall exist where 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 or omission of the other Party. Upon a Breach, the affected non-Breaching Party shall give written notice of such Breach to the Breaching Party. 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.

- 10.2 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 affected 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 such 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 shall survive termination of this Agreement.
- 10.3 Notice to Financing Parties.** If, as contemplated by Section 12.1, the Applicant PTO has provided notice to the CAISO of an assignment of this Agreement for collateral security purposes to aid in providing financing for the Project, then (a) if such notice of collateral assignment so indicates and contains notice information for the collateral assignee, the CAISO shall provide a copy to collateral assignee identified in such notice of any notice of Breach given by the CAISO to the Applicant PTO and (b) such collateral assignee shall have the right, but no obligation, to effect cure of the Breach on behalf of the Applicant PTO, and any performance of any obligations under this Agreement by such collateral assignee shall be accepted by the CAISO to the same extent as though the Applicant PTO had directly performed such obligations.

ARTICLE 11. INDEMNITY, CONSEQUENTIAL DAMAGES, AND INSURANCE

- 11.1 Indemnity.** Each Party (the "Indemnifying Party") shall at all times indemnify, defend, and hold the other Party (the "Indemnified Party") harmless from any and all losses arising out of or resulting from the Indemnifying Party's action or inactions of its obligations under this Agreement, except in cases of negligence or intentional wrongdoing by the Indemnified Party.
- 11.1.1 Indemnified Party.** If the Indemnified Party is entitled to indemnification under this Article 11 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 11.1 to assume the defense of such claim, such Indemnified Party 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.
- 11.1.2 Indemnifying Party.** If the Indemnifying Party is obligated to indemnify and hold the Indemnified Party harmless under this Article 11, the amount owing to the

Indemnified Party shall be the amount of such Indemnified Party's actual loss, net of any insurance or other recovery.

11.1.3 Indemnity Procedures. Promptly after receipt by the Indemnified Party 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 Section 11.1 may apply, the Indemnified Party 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 the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include the Indemnified Party and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it that are different from or additional to those available to the Indemnifying Party, the Indemnified Party 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 Party having such differing or additional legal defenses.

The Indemnified Party 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 Party and its counsel, such action, suit, or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, 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 Party, which shall not be unreasonably withheld, conditioned, or delayed.

11.2 Consequential Damages. In no event shall any 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 loss of profit or revenue, loss of the use of equipment, cost of capital, or cost of temporary equipment or services, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement shall not be considered to be special, indirect, incidental, or consequential damages hereunder.



- 11.3 Insurance.** On and after commencing construction of the Project, the Applicant PTO shall carry insurance for the Project consistent with Good Utility Practice and that is customary and market for a project of this type.
- 11.4 Continuity of Obligations.** The obligations and liability limitations under this Article 11 shall survive termination of the Agreement.

ARTICLE 12. ASSIGNMENT

- 12.1 Assignment.** With the exception of assignment for collateral security purposes in accordance with this Section and Section 10.3, this Agreement may be assigned by a Party only with the written consent of the other Party, which consent shall not be unreasonably withheld. The Applicant PTO may assign this Agreement without the consent of the CAISO as collateral security for purposes to aid in providing financing for the Project, provided that the Applicant PTO will promptly notify the CAISO of any such assignment, including identification of the assignee and contact information. Any financing arrangement entered into by the Applicant PTO pursuant to this Article shall 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 shall notify the CAISO of the date and particulars of any such exercise of assignment rights. 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.

ARTICLE 13. SEVERABILITY

- 13.1 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.

ARTICLE 14. COMPARABILITY

- 14.1 Comparability.** The Parties shall comply with all applicable comparability and code of conduct laws, rules, and regulations, as they may be amended from time to time.

ARTICLE 15. CONFIDENTIALITY

- 15.1 Confidentiality.** Confidential Information shall include all information relating to a Party's technology, research and development, business affairs, and pricing,

and any information supplied by a Party to the other Party 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 a Party, the other Party shall provide in writing the basis for asserting that the information referred to in this Article 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.

15.1.1 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, each Party shall hold in confidence and shall not disclose Confidential Information to any person.

15.1.2 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 Section 15.1.7 of this Agreement, Order of Disclosure, 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 shall no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

15.1.3 Release of Confidential Information. No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by any applicable Standards of Conduct requirements set forth in Part 358 of FERC's regulations, 18 C.F.R. Section 358), and subcontractors, or to parties who have, may be or are considering providing financing to or equity participation with the Applicant PTO, or to potential purchasers or assignees of the Applicant PTO, 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 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.

15.1.4 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 a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

15.1.5 No Warranties. The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Party or to enter into any further agreements or proceed with any other relationship or joint venture.

15.1.6 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 Party under this Agreement or its regulatory requirements.

15.1.7 Order of Disclosure. If a court or another Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request or requirement so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

15.1.8 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten (10) calendar days after receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete, with such destruction, erasure, and deletion certified in writing to the other Party, or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party, unless subject to retention for litigation or regulatory purposes.

15.1.9 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. 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, 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, 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.

15.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article to the contrary, and pursuant to 18 C.F.R. Section 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 C.F.R. Section 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. A Party is prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. Section 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.

15.1.11 Subject to the Exception in Section 15.1.10. Subject to the exception in Section 15.1.10 and consistent with the provisions of Sections 15.1.3 and 15.1.7, Confidential Information shall not be disclosed by a Party to any person not employed or retained by that 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 the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, 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 including disclosing the Confidential Information to a regional or national reliability organization. The Party asserting confidentiality shall notify the

other Party in writing of the information it claims is confidential. Prior to any disclosures of another 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 Section 15.1.11, the disclosing Party shall promptly notify the other Party in writing and shall assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order, or other reasonable measures.

ARTICLE 16. DISPUTES

- 16.1 General.** All disputes arising out of or in connection with this Agreement whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Section 13 of the CAISO Tariff, except that references to the CAISO Tariff in such Section 13 of the CAISO Tariff shall be read as references to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Section 13 of the CAISO Tariff shall be resolved as follows:
- 16.2 Submission.** In the event either 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 other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party 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 after the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. 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.
- 16.3 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 after 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 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; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article, the terms of this Article shall prevail.

- 16.4 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator shall render a decision within ninety (90) calendar days after appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator 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. The decision of the arbitrator 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 may be appealed solely on the grounds that the conduct of the arbitrator, 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 with, and approved by, FERC if it affects jurisdictional rates, terms, and conditions of service, Transmission Interconnection Facilities, or Network Upgrades.
- 16.5 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 17. REPRESENTATIONS, WARRANTIES, AND COVENANTS

- 17.1 General.** Each Party makes the following representations, warranties, and covenants:
- 17.1.1 Good Standing.** Such Party is duly organized, validly existing, and in good standing under 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 Project and transmission facilities 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.
- 17.1.2 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.

- 17.1.3 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.
- 17.1.4 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 18. MISCELLANEOUS

- 18.1 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.
- 18.2 Conflicts.** In the event of a conflict between the body of this Agreement and any attachment, appendices, or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 18.3 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 or Section of this Agreement or such Appendix to this Agreement, or such Section of the CAISO Tariff or such Appendix to the CAISO Tariff, as the case may be; (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, Section, 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”.

- 18.4 Entire Agreement.** This Agreement, including Appendix A 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.
- 18.5 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.
- 18.6 Waiver.** The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement shall not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- Any waiver at any time by either 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, or duty of this Agreement. Termination or Default of this Agreement for any reason by the Applicant PTO shall not constitute a waiver of the Applicant PTO’s legal rights to obtain an interconnection from the CAISO. Any waiver of any provision of this Agreement shall, if requested, be provided in writing.
- 18.7 Headings.** The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.
- 18.8 Multiple Counterparts.** This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which constitute one and the same instrument.
- 18.9 Amendment.** The Parties may by mutual agreement amend this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall

become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

18.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendix to this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

18.11 Reservation of Rights. The CAISO has the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to any rates, terms and conditions, charges, classifications of service, rule, or regulation. The Applicant PTO 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. Each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered.

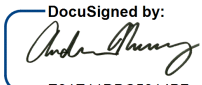
18.12 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority 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, the other Party.

18.13 Joint and Several Obligations. Except as otherwise provided in this Agreement, the obligations of the CAISO and the Applicant PTO are several, and are neither joint nor joint and several.




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

SunZia Transmission, LLC

By:  E91E11DBC5014B7...
Name: Andrew Murray
Title: Authorized Signatory
Date: July 5, 2024

California Independent System Operator Corporation

By:  9236FA183EA64FB...
Name: Neil Millar
Title: Vice President Infrastructure & Ops Planning
Date: 7/3/2024

Appendix A

Addresses for Delivery of Notices

Notices:

Applicant PTO:

SunZia Transmission, LLC
Attn: Chief Legal Officer
1088 Sansome Street
San Francisco, CA 94158
generalcounsel@patternenergy.com

CAISO:

California ISO
Attn: Infrastructure Contracts & Management
250 Outcropping Way
Folsom, CA 95630
RegulatoryContracts@caiso.com



Alternative Forms of Delivery of Notices (telephone or e-mail):

Applicant PTO:

Deral Danis
Transmission@patternenergy.com
(312) 259-9989

With copy to:

Meghan Gruebner
meghan.gruebner@patternenergy.com

CAISO:

Deb Le Vine
dlevine@caiso.com
(916) 351-2144

Riddhi Ray
rray@caiso.com
(916) 608-1056

Appendix B

Security Arrangements Details

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, all Participating TOs, Market Participants, and Interconnection Customers interconnected to the CAISO Controlled Grid to comply with Applicable Reliability Criteria. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Applicant PTO shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's standards for information security posted on the CAISO's internet web site at the following internet address:

<http://www.caiso.com/pubinfo/info-security/index.html>