



Control Number: 35077



Item Number: 44

Addendum StartPage: 0

**Project No. 35077**

**INTERCONNECTION AGREEMENT**

**Between**

**Lower Colorado River Authority Ferguson Plant**

**and**

**LCRA Transmission Services Corporation**

**December 31, 2007**

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Ferguson Plant  
LCRA Transmission Services Corporation

**LOWER COLORADO RIVER AUTHORITY FERGUSON PLANT**  
**INTERCONNECTION AGREEMENT**  
**WITH**  
**LCRA TRANSMISSION SERVICES CORPORATION**

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## **FERGUSON POWER PLANT INTERCONNECTION AGREEMENT**

This Standard Generation Interconnection Agreement is made and entered into this 31 day of December 2007, between the LCRA Transmission Services Corporation ("Transmission Service Provider") and the Lower Colorado River Authority ("Generator"), hereinafter individually referred to as "Party," and collectively referred to as "Parties." In consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

Transmission Service Provider represents that it is a public utility that owns and operates facilities for the transmission of electricity. Generator represents that it will own and operate the Plant. Pursuant to the terms and conditions of this Agreement, Transmission Service Provider shall interconnect Generator's Plant with Transmission Service Provider's System.

This Agreement applies only to the Plant and the Parties' interconnection facilities as identified in Exhibit "B."

This Agreement shall become effective on December 31, 2007, subject to Governmental Authority approval, if required, and shall continue in full force and effect until terminated in accordance with Exhibit "A."

This Agreement will be subject to the following, all of which are incorporated herein:

- A. The "Terms and Conditions of the ERCOT Standard Generation Interconnection Agreement" attached hereto as Exhibit "A";
- B. The ERCOT Requirements (unless expressly stated herein, where the ERCOT Requirements are in conflict with this Agreement, the ERCOT Requirements shall prevail);
- C. The PUCT Rules (where the PUCT Rules are in conflict with this Agreement, the PUCT Rules shall prevail);
- D. The Interconnection Details attached hereto as Exhibit "B";
- E. The notice requirements attached hereto as Exhibit "C"; and

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

LCRA Transmission Services Corporation

Lower Colorado River Authority

By: [Signature] for Stuart Nelson

By: [Signature] Powell

Name: Stuart Nelson

Name: Debbie Powell

Title: Acting Vice President and  
Chief Operating Officer

Title: Ferguson Power Plant Manager

Date: 12/19/07

Date: 12/31/07



**Exhibit "A"**

**Terms and Conditions of the  
Ferguson Power Plant Generation Interconnection Agreement**

**ARTICLE 1. DEFINITIONS**

Capitalized terms shall have the meanings as set forth below, except as otherwise specified in the Agreement:

- 1.1 "CCN" shall mean a Certificate of Convenience and Necessity issued by the PUCT.
- 1.2 "Commercial Operation" shall mean the date on which Generator declares that the construction of the Plant has been substantially completed, Trial Operation of the Plant has been completed, and the Plant is ready for dispatch.
- 1.3 "Control Area" shall have the meaning ascribed thereto in PUCT Rule 25.5(19) or its successor.
- 1.4 "ERCOT" shall mean the Electric Reliability Council of Texas, Inc.
- 1.5 "ERCOT Requirements" means the ERCOT Protocols, Operating Guides, ISO Generation Interconnection Procedures as well as any other documents adopted by the ISO or ERCOT relating to the interconnection and operation of generators and transmission systems in ERCOT as amended from time to time, and any successors thereto. Any requirement in the foregoing documents imposed upon generation entities or generation facilities shall become the responsibility of the Generator, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of the TSP.
- 1.6 "Facilities Study" shall have the meaning as described in PUCT Rule 25.198(d) or its successor.

- 1.7 "Facilities Study Agreement" shall mean an agreement executed by the Parties relating to the performance of the Facilities Study.
- 1.8 "GIF" shall mean Generator's interconnection facilities as described in Exhibit "C."
- 1.9 "Good Utility Practice" shall have the meaning described in PUCT Rule 25.5(56) or its successor.
- 1.10 "Governmental Authority (ies)" shall mean any federal, state, local or municipal body having jurisdiction over a Party.
- 1.11 "In-Service Date" shall be the date, as reflected in Exhibit "B," that the TIF will be ready to connect to the GIF.
- 1.12 "ISO" shall mean the ERCOT Independent System Operator.
- 1.13 "Plant" shall mean the electric generation facility owned and operated by the Generator, as specified in Exhibit "B."
- 1.14 "Point of Interconnection" shall mean the location(s) where the GIF connects to the TIF as negotiated and defined by the Parties and as shown on Exhibit "B" of this Agreement.
- 1.15 "PUCT" shall mean the Public Utility Commission of Texas.
- 1.16 "PUCT Rules" shall mean the Substantive Rules of the PUCT.
- 1.17 "Reasonable Efforts" shall mean the use of Good Utility Practice and the exercise of due diligence.
- 1.18 "System Protection Equipment" shall mean those facilities located within the TIF and the GIF as described in Section 4.5 and Exhibit "B."
- 1.19 "System Security Study" shall have the meaning as described in PUCT Rule 25.198(c) or its successor.

1.20 "TCOS" shall mean the TSP's transmission cost of service as allowed by the applicable Governmental Authority.

1.21 "TIF" shall mean the TSP's interconnection facilities as described in Exhibit "B" to this Agreement.

1.22 "Trial Operation" shall mean the process by which the Generator is engaged in on-site test operations and commissioning of the Plant prior to Commercial Operation.

1.23 "TSP" shall mean the Transmission Service Provider.

1.24 "TSP System" shall mean the electric transmission facilities, including the TIF, and all associated equipment and facilities owned and/or operated by the TSP.

## ARTICLE 2. TERMINATION

2.1 Termination Procedures. This Agreement may be terminated as follows:

A. the Generator may terminate this Agreement after giving the TSP thirty (30) days advance written notice; or

B. the TSP may terminate this Agreement in accordance with Section 9.7

2.2 Termination Costs. If a Party elects to terminate the Agreement pursuant to Section 2.1 above, the Generator shall pay all costs incurred (or committed to be incurred) by TSP, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Generator under this Agreement. In the event of termination by either Party, both Parties shall use commercially reasonable efforts to mitigate the damages and charges that they may incur as a consequence of termination. The provisions of the Sections 2.2 and 2.3 shall survive termination of the Agreement.

2.3 Disconnection. Upon termination of this Agreement, the Parties will disconnect the GIF from the TIF.

### **ARTICLE 3. REGULATORY FILINGS**

3.1 Filing. The TSP shall file this executed Agreement with the appropriate Governmental Authority, if required. Any portions of this Agreement asserted by Generator to contain competitively sensitive commercial or financial information shall be filed by the TSP identified as "confidential" under seal stating, for the TSP's showing of good cause, that Generator asserts such information is confidential information and has requested such filing under seal. If requested by the TSP, Generator shall provide the TSP, in writing, with the Generator's basis for asserting that the information referred to in this Section 3.1 is competitively sensitive information, and the TSP may disclose such writing to the appropriate Governmental Authority.

3.2 Regulatory Approvals. Unless exempt, the TSP shall timely request ISO and all regulatory approvals necessary for it to carry out its responsibilities under this Agreement. Such approvals shall include any CCN required for the construction of the TIF.

### **ARTICLE 4. FACILITIES AND EQUIPMENT**

4.1 Information Exchange. The Parties shall exchange information and mutually agree upon the design and compatibility of the Parties' interconnection facilities. The Parties shall work diligently and in good faith to make any necessary design changes to ensure compatibility of the GIF to the TSP System.

4.2 GIF Construction. Parties agree that the GIF and the TIF have been designed and constructed in accordance with Good Utility Practice, ERCOT Requirements and the National Electrical Safety Code in effect at the time of construction-

4.3 Equipment Changes. For facilities not described in Exhibit "B," if either Party makes equipment changes to the Plant, the GIF, the TIF or the TSP System which it knows will affect the operation or performance of the other Party's interconnection facilities, the Parties agree to

notify the other Party, in writing, of such changes. Such changes shall be made in accordance with ERCOT Requirements and coordinated between the Parties.

#### 4.4 Metering, Telemetry and Communications Requirements.

A. Metering and telemetry of data will be accomplished in accordance with ERCOT Requirements. The specific metering, telemetry and communications equipment to be installed and data to be telemetered are described in Exhibit "B."

B. At the Point of Interconnection, the metering and telemetry equipment shall be owned by the TSP. However, the TSP shall provide the Generator with metering and telemetry values in accordance with ERCOT Requirements.

C. A minimum set of inputs to the telemetry equipment are specified in Exhibit "B." Additional sets of inputs may be subsequently mutually agreed upon.

D. The TSP will notify the Generator at least five (5) working days in advance of any planned maintenance, inspection, testing, or calibration of the metering equipment, unless otherwise agreed to in writing. The Generator, or its designated representative, shall have the right to be present for these activities and to receive copies of any documents related to the procedures and results.

E. Periodically, in accordance with Good Utility Practice, tests will be performed by the owning Party to ensure the proper functioning of all metering, telemetry and communications equipment associated with the Point of Interconnection and both Parties' interconnection facilities, and to verify the accuracy of data being received by the TSP, the Control Area(s) in which the Plant and the TSP are located and the Generator. All acceptance tests will be performed consistent with ERCOT Requirements.

F. The TSP shall, in accordance with Good Utility Practice and ERCOT Requirements, specify communications facilities, including those necessary to transmit data from the metering equipment to the TSP, that are necessary for the effective operation of the Plant and the GIF with the TSP System. Such communication facilities shall be included in Exhibit "B." The Generator shall make arrangements to procure and bear the cost of such facilities.

G. Any changes to the meters, telemetry equipment, voltage transformers, current transformers, and associated panels, hardware, conduit and cable, which will affect the data being received by the other Party must be mutually agreed to by the Parties.

H. Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible in accordance with ERCOT Requirements.

#### 4.5 System Protection and Other Controls Requirements.

A. Each Party's facilities shall be designed to isolate any fault, or to correct or isolate any abnormality, that would negatively affect the other Party's system or other entities connected to the TSP System.

B. The Generator shall be responsible for protection of its facilities consistent with ERCOT Requirements.

C. Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Section 4.5.F. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and tripping the Generator's units.

D. Recording equipment shall be installed to analyze all system disturbances in accordance with ERCOT Requirements.

E. Each Party will test, operate and maintain System Protection Equipment in accordance with ERCOT Requirements. Each Party will provide reasonable notice to the other Party of any testing of its System Protection Equipment allowing such other Party the opportunity to have representatives present during testing of its System Protection Equipment.

F. At intervals suggested by Good Utility Practice or at intervals described in the ERCOT Requirements if so defined therein, and following any apparent malfunction of the System Protection Equipment, each Party shall perform both calibration and functional trip tests of its System Protection Equipment. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

4.6 No Annexation. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

## **ARTICLE 5. OPERATION AND MAINTENANCE**

5.1 Operation and Maintenance of Interconnection Facilities. The Parties agree to operate and maintain their systems in accordance with Good Utility Practice, National Electrical Safety Code, the ERCOT Requirements, PUCT Rules and all applicable laws and regulations. Subject to any necessary ISO approval, each Party shall provide necessary equipment outages to allow the other Party to perform periodic maintenance, repair or replacement of its facilities. Such outages shall be scheduled at mutually agreeable times, unless conditions exist which a Party believes, in accordance with Good Utility Practice, may endanger persons or property. No

changes will be made in the normal operation of the Point of Interconnection without the mutual agreement of the Parties except as otherwise provided herein. All testing of the Plant that affects the operation of the Point of Interconnection shall be coordinated between the TSP, the Control Area(s) in which the Plant and the TSP are located, and the Generator and will be conducted in accordance with ERCOT Requirements.

5.2 Land Rights and Easements. Terms and conditions addressing the rights of the TSP and the Generator regarding any facilities located on the other Party's property shall be addressed in a separate, duly executed and recorded easement agreement between the Parties. The Parties will mutually agree upon procedures to govern access to each other's property as necessary for the Parties to fulfill their obligations hereunder.

5.3 Service Interruption. The Parties recognize that the interruption of service provisions of the PUCT Rules give TSP the right to disconnect the TSP System from the Plant under the conditions specified therein. The Generator will promptly disconnect the Plant from the TSP System when required by and in accordance with the PUCT Rules and ERCOT Requirements.

5.4 Switching and Clearance.

A. Any switching or clearances needed on the TIF or the GIF will be done in accordance with ERCOT Requirements.

B. Any switching and clearance procedure necessary to comply with Good Utility Practice or ERCOT Requirements that may have specific application to the Plant shall be addressed in Exhibit "B."

5.5 Start-Up and Synchronization. Consistent with ERCOT Requirements and the Parties' mutually acceptable procedure, the Generator is responsible for the proper synchronization of the Plant to the TSP System.

5.6 Routine Operational Communications. On a timely basis, the Parties shall exchange all information necessary to comply with ERCOT Requirements.

5.7 Blackstart Operations. If the Plant is capable of blackstart operations, Generator will coordinate individual Plant start-up procedures consistent with ERCOT Requirements. Any blackstart operations shall be conducted in accordance with the blackstart criteria included in the ERCOT Requirements and the TSP Blackstart Plan on file with the ISO. Notwithstanding this section, the Generator is not required to have blackstart capability by virtue of this Agreement. If the Generator will have blackstart capability, then Generator shall provide and maintain an emergency communication system that will interface with the TSP during a blackstart condition.

5.8 Power System Stabilizers. The Generator shall procure, install, maintain and operate power system stabilizers if required to meet ERCOT Requirements and as described in Exhibit "B."

## ARTICLE 6. DATA REQUIREMENTS

6.1 Data Acquisition. The acquisition of data to realistically simulate the electrical behavior of system components is a fundamental requirement for the development of a reliable interconnected transmission system. Therefore, the TSP and the Generator shall be required to submit specific information regarding the electrical characteristics of their respective facilities to each other as described below in accordance with ERCOT Requirements.

6.2 Data Submission by TSP. Data submission by the TSP shall include transmission system data necessary to allow the Generator to select equipment and meet any system protection and stability requirements.

6.3 Data Submission by Generator. Data submission by the Generator, including manufacturer data shall include a completed copy of the following forms contained in the ISO's

Generation Interconnection Procedure: (1) Plant Description/Data and (2) Generation Stability Data. It shall also include any additional data provided to the ISO for the System Security Study. Data in the submissions shall be the most current Plant design or expected performance data. Data submitted for stability models shall be compatible with the ISO standard models. If there is no compatible model, the Generator will work with an ISO designated consultant to develop and supply a standard model and associated data.

6.4 Data Supplementation. The Generator shall provide the TSP any data changes due to equipment replacement, repair, or adjustment. The TSP shall provide the Generator any data changes due to equipment replacement, repair, or adjustment in the directly connected substation or any adjacent TSP-owned substation that may affect the GIF equipment ratings, protection or operating requirements. The Parties shall provide such data no later than 30 days after the date of the actual change in equipment characteristics. Also, the Parties shall provide to each other a copy of any additional data later required by the ISO concerning these facilities.

6.5 Data Exchange. Each Party shall furnish to the other Party real-time and forecasted data as required by ERCOT Requirements. The Parties will cooperate with one another in the analysis of disturbances to either the Plant or the TSP's System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records.

## **ARTICLE 7. PERFORMANCE OBLIGATION**

7.1 Generator's Cost Responsibility. The Generator will modify, operate, test, maintain and own the Plant and the GIF at its sole expense. In addition, the Generator may be required to make a contribution in aid of construction in the amount set out in and for the facilities described in Exhibit "B," if any, in accordance with PUCT Rules.

7.2 TSP's Cost Responsibility. The TSP will own, operate, test, and maintain the TIF at its sole expense, subject to the provisions of Section 4.1.B and the contribution in aid of construction provisions of Section 7.1 of this Agreement.

7.3 Financial Security Arrangements. The TSP may require the Generator to pay a reasonable deposit or provide another means of security, to cover the costs of planning, licensing, procuring equipment and materials, and constructing the TIF. Within five business days after the Plant achieves Commercial Operation, the TSP shall return the deposit or security to the Generator. -

## **ARTICLE 8. MISCELLANEOUS**

### **8.1 Governing Law and Applicable Tariffs.**

A. This Agreement for all purposes shall be construed in accordance with and governed by the laws of the State of Texas, excluding conflicts of law principles that would refer to the laws of another jurisdiction. The Parties submit to the jurisdiction of the federal and state courts in the State of Texas.

B. This Agreement is subject to all valid, applicable rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities.

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

8.2 No Other Services. This Agreement is applicable only to the interconnection of the Plant to the TSP System at the Point of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may desire from the other Party or any third party. This Agreement does not address the sale or

purchase of any electric energy, transmission service or ancillary services by either Party, either before or after Commercial Operation.

8.3 Entire Agreement. This Agreement, including all Exhibits, Attachments and Schedules 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, either Party's compliance with its obligations under this Agreement. Notwithstanding the other provisions of this Section, the Facilities Study Agreement, if any, is unaffected by this Agreement.

8.4 Notices. Except as otherwise provided in Exhibit "C," any formal notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person, or sent by either registered or certified mail, postage prepaid, overnight mail or fax to the address or number identified on Exhibit "C" attached to this Agreement. Either Party may change the notice information on Exhibit "C" by giving five business days written notice prior to the effective date of the change.

8.5 Force Majeure.

A. The term "Force Majeure" as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party's obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any Governmental Authority.

B. Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other 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.

8.6 Default A. The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Section 8.6.B, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 30 days, the defaulting Party shall commence such cure within 30 days after notice and continuously and diligently complete such cure within 90 days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

B. If a Default is not cured as provided in this Section, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting 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 Section will survive termination of this Agreement.

8.7 Intrastate Operation. The operation of the Plant by Generator shall not cause there to be a synchronous or an asynchronous interconnection between ERCOT and any other transmission facilities operated outside of ERCOT unless ordered by the Federal Energy Regulatory Commission under Section 210 of the Federal Power Act. The Parties recognize and agree that any such interconnection will constitute an adverse condition giving the TSP the right to immediately disconnect the TIF from the GIF, until such interconnection has been disconnected. The Generator will not be prohibited by this Section from interconnecting the Plant with facilities operated by the Comision Federal de Electricidad of Mexico, unless such interconnection would cause ERCOT utilities that are not "public utilities" under the Federal Power Act to become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

8.8 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.

8.9 No Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of obligations, rights, or duties imposed upon the Parties. Termination or Default of this Agreement for any reason by the Generator shall not constitute a waiver of the Generator's legal rights to obtain an interconnection from the TSP under a new interconnection agreement.

8.10 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.

8.11 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

8.12 Amendment. This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

8.13 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither 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.

8.14 Further Assurances. The Parties agree to (i) furnish upon request to each other such further information, (ii) execute and deliver to each other such other documents, and (iii) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement. Without limiting the generality of the foregoing, the TSP shall, at the Generator's expense, when

reasonably requested to do so by the Generator at any time after the execution of this Agreement, prepare and provide such information in connection with this Agreement (including, if available, resolutions, certificates, opinions of counsel or other documents relating to the TSP's corporate authorization to enter into this Agreement and to undertake the obligations set out herein) as may be reasonably required by any potential lender to the Generator under a proposed loan agreement. The TSP will use commercially reasonable efforts to obtain any opinion of counsel reasonably requested by Generator, but the TSP shall not be in Default of any obligation under this Agreement if the TSP is unable to provide an opinion of counsel that will satisfy any potential lender to the Generator. Specifically, upon the written request of one Party, the other Party shall provide the requesting Party with a letter stating whether or not, up to the date of the letter, that Party is satisfied with the performance of the requesting Party under this Agreement.

8.15 Indemnification and Liability. The indemnification and liability provisions of the PUCT Rule 25.202(b)(2) or its successor shall govern this Agreement.

8.16 Consequential Damages. OTHER THAN THE LIQUIDATED DAMAGES HERETOFORE DESCRIBED, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER

AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

8.17 Assignment. This Agreement may be assigned by either Party only with the written consent of the other; provided that either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that the Generator shall have the right to assign this Agreement, without the consent of the TSP, for collateral security purposes to aid in providing financing for the Plant, provided that the Generator will require any secured party, trustee or mortgagee to notify the TSP of any such assignment. Any financing arrangement entered into by the Generator pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the TSP of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

8.18 Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.-

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

8.20 Invoicing and Payment. Unless the Parties otherwise agree, invoicing and payment rights and obligations under this Agreement shall be governed by PUCT Rules or applicable Governmental Authority. Invoices shall be rendered to the paying Party at the address specified on, and payments shall be made in accordance with the requirements of, Exhibit "C."

8.21 Confidentiality.

A. Subject to the exception in Section 8.21.B, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the 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 Control Area operator including disclosing the Confidential Information to the ISO. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subsection, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subsection, the disclosing Party agrees to promptly notify the other Party in writing and agrees to 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.

B. This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

## Exhibit "B"

### Facility Schedule

1. Name: **Ferguson Plant** – Existing generation facility
2. Point of Interconnection: The points at which the GIF interface with the TIF at the **Ferguson Plant** are shown in the attached one-line. There are three points of interconnection for this Plant and they are defined as where the Generator connects to the TSP's 138 kV bus at Generator switch 4729 and 4539, and where the conductors connect to the hi-side bushings on the start-up transformer. The TSP will provide the electrical connection from the 138 kV bus to switches 4729 and 4539.
3. Delivery Voltage: 138 kV
4. Number of and Nameplate rating of Generating Units: Unit 1: 446 MW.
5. Type of Generating Unit: Unit 1: Natural Gas
6. Metering and Telemetry Equipment:
  - a. TSP shall design and install EPS Metering Equipment in accordance with TSP's EPS Metering Design Proposal submitted to and approved by ERCOT. This metering equipment will be installed in the Ferguson Switchyard.
  - b. TSP and Generator shall each install such metering and telemetry equipment as may be required to satisfy the operational requirements of the TSP TIF, Plant GIF, and ERCOT's real-time data requirements.
7. Generator Interconnection Facilities
  - a. Generator-Owned facilities located at the Ferguson Plant including, but not limited to the following:
    - i. 20 MVA; 138: 4.16Kv Start-Up Transformer and associated lightning arrestors
    - ii. 490 MVA; 22.8:138Kv Generator Step-up Transformer and associated lightning arrestors
    - iii. 138 kV dead-end insulator assembly and hardware attaching the generator start-up transmission line to the plant.

- iv. One set of jumpers to connect the generator step-up transformer transmission line to the generator step-up transformer.
  - v. One (1) 138kV synchronizing potential transformer, lattice structure and associated control wiring.
  - vi. One lot - The physical building that houses Generator-Owned Support Facilities. This includes, but is not limited to the building structures, lighting, HVAC, fire detection, fire suppression, and fire extinguishing equipment.
- b. Generator-Owned facilities located in the Ferguson switchyard:
    - i. Circuit breakers 4730 and 4540, including internal current transformers and their respective oil containment barriers
    - ii. Vertical Air Break Switches 4729, 4731, 4541 and 4539
    - iii. One lot - Associated structures, bus work, conductor, connectors, conduit, control cable, and foundations as associated with breakers 4730 and 4540
    - iv. One lot - All cable and connections to the grounding grid from all Generator-owned equipment located in the Ferguson Plant.
  - c. Generator-Owned Facilities located between the Ferguson Switchyard and the Ferguson Plant
    - i. One bundled conductor, 3 phase ACSR transmission line connecting the generator breaker "A" frame structure to its respective dead-end assembly located at the Ferguson Plant.
    - ii. Tangent insulators on the lattice tower to support the generator step-up transformer transmission line.
8. Transmission Service Provider Interconnection Facilities
- a. TSP-owned facilities located at the Ferguson Plant, including the following facilities:
    - i. One lot – 138 kV dead-end insulator assembly and hardware attaching the start-up transformer transmission line to the plant.
    - ii. One set of jumpers connecting the start-up transformer transmission line to the start-up transformer.
  - b. TSP – owned facilities at the Ferguson Switchyard, including the following facilities:
    - i. Eighteen – 138 kV circuit breakers and oil containment barriers. This includes all transmission line breakers and startup transformer breakers 4720 and 5430.
    - ii. Thirty-six – 138 kV air break switches and support structures
    - iii. One lot –All dead-end "A" frame structures, bus work, conductor, insulators, connectors, conduit, control cable and foundations.
    - iv. One lot – Control buildings, panels, batteries/charger and SCADA / communications equipment

- v. One lot - All cable and connections to the grounding grid from all TSP-owned equipment.
- c. TSP – owned facilities between the Ferguson Switchyard and the Ferguson Substation
  - i. One lattice tower and associated ground grid connections.
  - ii. One single conductor, 3 phase ACSR transmission line connecting the start-up breaker “A” frame structure to its respective dead-end assembly located at the Ferguson Plant.
  - iii. Tangent insulators on the lattice tower to support the start-up transformer transmission line.
- 9. Communications Facilities: Generator shall, in accordance with ERCOT Requirements and Good Utility Practice, provide communications facilities that are, or may in the future be, necessary for effective interconnected operation of the Generator’s Plant with the transmission system. Generator will directly make arrangements to procure and will bear the procurement, installation and ongoing operations and maintenance costs of such facilities. The communications facilities will include, but not be limited to:
  - a. One private line voice circuit in the Generator’s Plant control room (an off-premise extension for TSP’s PBX);
  - b. One four-wire Bell Standard Type 420 or equivalent data circuit installed from a communications port in Generator’s RTU to a location designated by TSP.
- 10. System Protection Equipment: TSP shall own, operate, and maintain its protective relay and control equipment. This equipment includes the current transformers, potential transformers, control wiring, protective relays and breakers associated with all transmission line terminals. The Generator is responsible for providing current transformer signals to the TIF for bus differential relaying and to provide a “breaker-failure” signal to the TIF for conditions where the generator circuit switchers are required to trip, but fail to do so. The TSP owns, operates, and maintains all other equipment associated with the breaker failure relay protection schemes. The TSP will provide a trip signal to the generator breakers for any condition where the entire TIF bus is required to trip.
- 11. Generator Step Up Transformer Protection Equipment: Generator shall own, operate and maintain all of the protective relaying equipment required to protect the GSU. The GSU zone of protection shall overlap with TSP bus 1 and 2 at the current transformers internal to OCB 4730 and 4540. All current transformers internal to OCB 4730 and OCB 4540 shall be owned and maintained by Generator.
- 12. Start Up Transformer Protection Equipment: Generator shall own, operate and maintain all of the protective relaying equipment required to protect the start up

transformer. The start up transformer zone of protection shall overlap with TSP bus 1 and 2 at the current transformers internal to OCB 4720 and OCB 4530. All current transformers internal to OCB 4720 and OCB 4530 shall be owned and maintained by the TSP. The generator shall have the ability to open but not close OCB 4720 and OCB 4530 under emergency conditions.

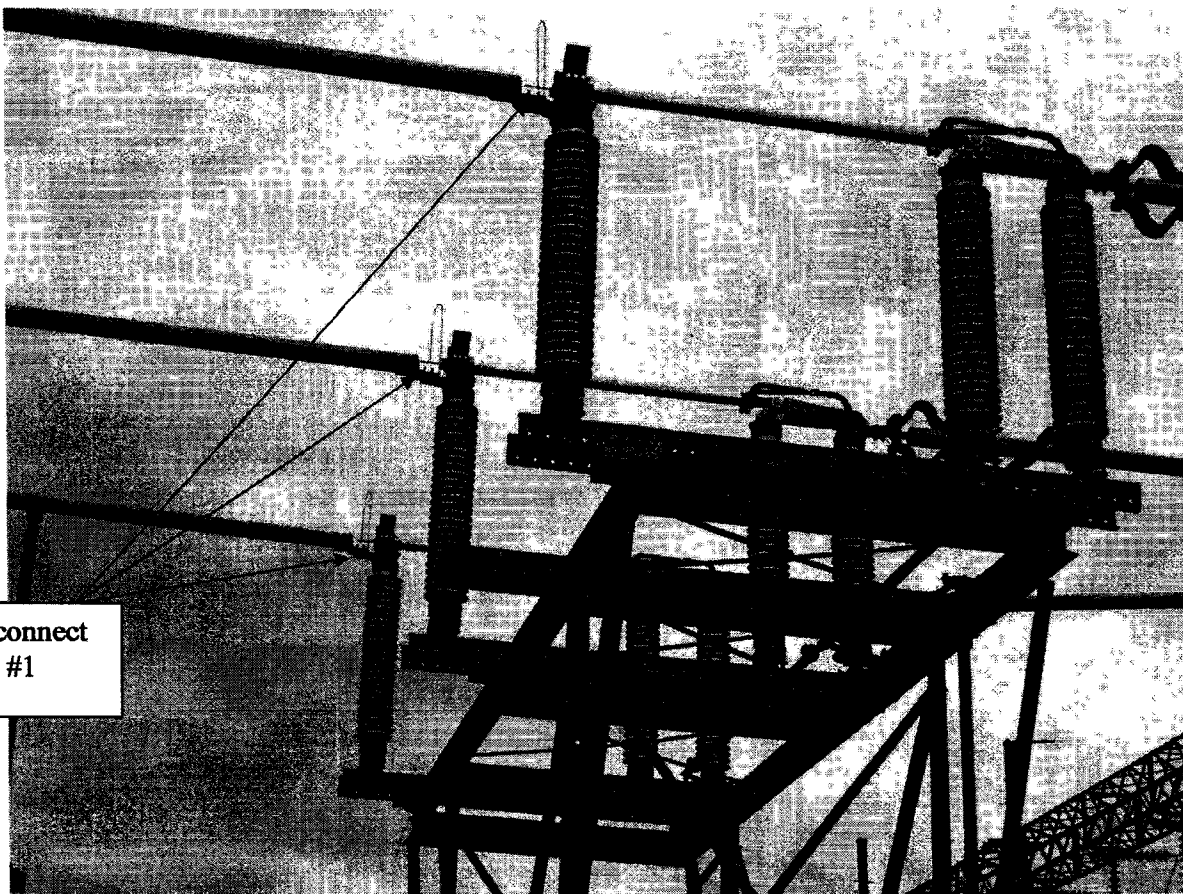
13. Inputs to Telemetry Equipment: Generator shall supply the following data to TSP's RTU.

- a. Generating Unit Net Output - three phase megawatts and three phase megavars for the generating unit.
- b. Generator circuit breaker status - Status indication for each generator circuit breaker.

14. Supplemental Terms and Conditions

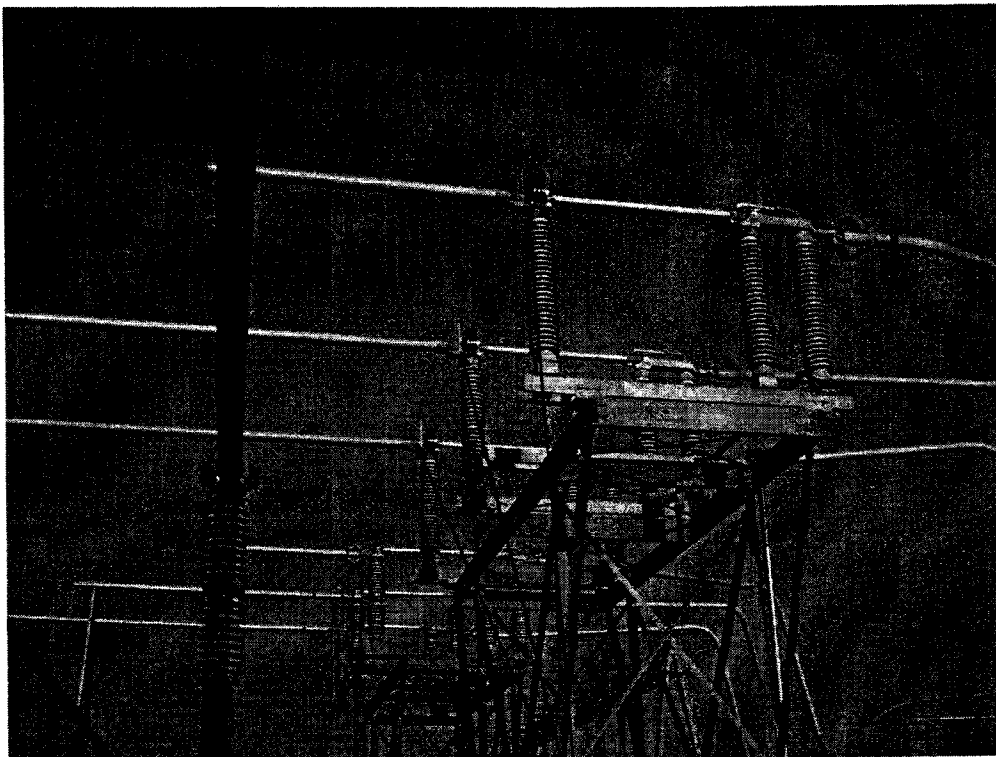
- a. Switching and Clearance: Generator shall obtain prior approval from TSP before operating any circuit switching apparatus (e.g. switches, circuit switchers, etc.) at the GIF, whether for testing or for operations of the plant, which approval shall not be unreasonably withheld.
- b. The TSP shall direct all switching at the Point of Interconnection and coordinate all switching of the GIF. The operators of the GIF or their designated agents shall comply with requirements of the TSP's switching and clearance procedures for actions directly involving the Interconnection Point. Direction and/or coordination of the switching will be conducted by the TSP.
- c. The TSP will provide Generator with a copy of the LCRA Transmission Operations Switching Manual (Red Book) and any subsequent amendments thereto. Generator personnel or their designated agents that are to perform switching of the GIF must be on the TSP's qualified switching list. Generator and TSP agree to conduct all switching operations in accordance with the Red Book, as it may be changed by the TSP from time to time.
- d. Generator will keep records of maintenance and switching operations of control and protective equipment and will allow TSP reasonable access to inspect such records.
- e. No Retail Sale of Electricity to Plant by TSP: The TSP considers the energy and power that the Plant and GIF may from time to time consume from the system through the Point of Interconnection to be a retail transaction and as such, TSP does not intend to be the provider of this retail service. Generator shall make necessary arrangements with the appropriate retail supplier for the energy and power that the Plant and GIF may consume from the system through the Point of Interconnection.
- f. The Generator is responsible for providing any back-up power sources that it may require due to the unavailability of this Point of Interconnection for any period of time.





Interconnect  
point #1

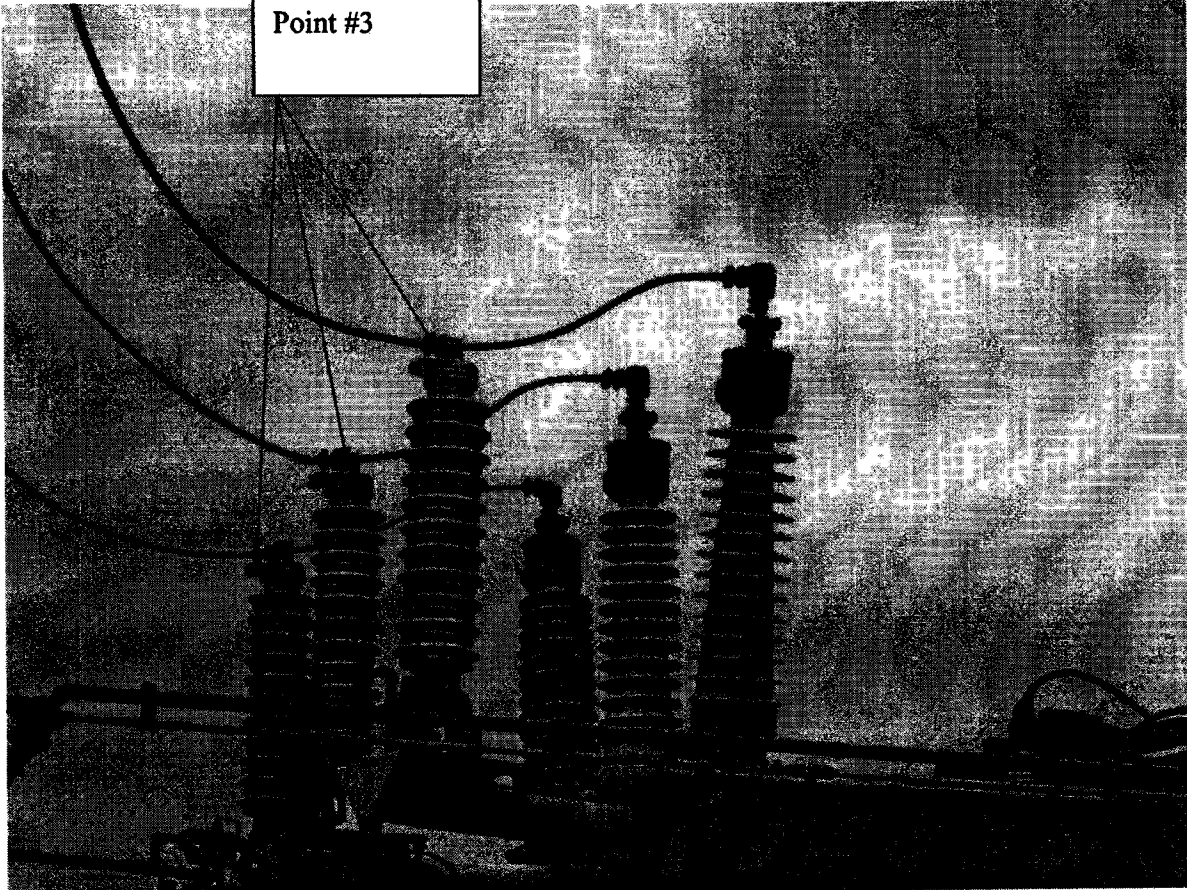
Switch # 4729



Switch #4539

Interconnect  
Point #2

Interconnect  
Point #3



Station Start up Transformer

DATE: \_\_\_\_\_

**Exhibit "C"**  
**Notice and EFT Information of the ERCOT Standard Generation  
Interconnection Agreement**

(a) All notices of an operational nature shall be in writing and/or may be sent between the Parties via electronic means including facsimile as follows:

To: Ferguson Power Plant

Company Name: LCRA  
Attn: Ferguson Plant Manager  
2001 Ferguson Road  
Horseshoe Bay, TX 78657  
Operational/Confirmation Fax: (830) 596-7113  
24 Hour Telephone: (830) 596-7133  
E-mail: debbie.powell@lcra.org

To: LCRA Transmission Services Corporation

Company Name: LCRA  
Attn: System Operations Manager  
P.O.Box 220  
Austin TX 78767  
Operational/Confirmation Fax: (512) 385-2146  
24 Hour Telephone: 1 (800) 223-7622  
E-mail: bill.hatfield@lcra.org

(b) Notices of an administrative nature:

[Same as Above]

To: LCRA Transmission Services Corporation

Company Name: LCRA  
Attn: Transmission Engineering Manager  
Address: P.O. Box 220  
Austin, TX 78767  
Fax (512) 369-4413  
Phone: (512) 369-4534  
E-mail: ray.pfefferkorn@lcra.org

(c) Notice for statement and billing purposes:

[Same as Above]

To: LCRA Transmission Services Corporation

Company Name: (Same as (b) above)  
Attn:  
Address  
City, State, Zip  
Phone:  
E-mail

(d) Information concerning Electronic Funds Transfers:

To: N/A

Bank Name:  
City, State  
ABA No. \_\_\_\_\_  
for credit to

Account No. \_\_\_\_\_

To: N/A

Bank Name:  
ABA No. \_\_\_\_\_  
for credit to

Account No. \_\_\_\_\_