APPENDIX 2

to
TRANSMISSION INTERCONNECTION PROCEDURES

SYSTEM IMPACT STUDY AGREEMENT

Between
[Transmission Developer] ____________________________
and
Intermountain Power Agency

This System Impact Study Agreement (“Agreement”) is made and entered into this __ day of __________, 20__, by and between [Transmission Developer] ______________________, a _______________ organized and existing under the laws of the State of _______________ (“Transmission Developer”), and Intermountain Power Agency, a political subdivision of the State of Utah (“IPA”). Each such entity may be referred to in the singular herein as a “Party” and together as “Parties.”

RECITALS

WHEREAS, Transmission Developer proposes to develop the Transmission Project described in the Transmission Interconnection Application dated ________________, 20__; and

WHEREAS, Transmission Developer desires to interconnect the Transmission Project with the IPA Switchyard; and

WHEREAS, Transmission Developer has requested that IPA perform a System Impact Study to assess the impact on the Transmission System of interconnecting the Transmission Project to the IPA Switchyard; and

WHEREAS, IPA has offered this Agreement to Transmission Developer, and Transmission Developer has accepted this Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

ARTICLE 1
DEFINED TERMS; PROCEDURES

1.1 Capitalized Terms. Unless specifically defined herein, when used in this Agreement, terms with initial capitalization shall have the meaning specified in the IPA Transmission Interconnection Procedures (the “Procedures”), as the same may be modified from time to time.
1.2 **Application of Procedures.** Except to the extent this Agreement expressly conflicts with the Procedures, the terms of the Procedures shall apply to the performance of this Agreement by the Parties.

1.3 **Execution of Agreement by Transmission Developer.** The Transmission Developer shall execute this Agreement and deliver the executed Agreement and the applicable initial study deposit specified in the Deposit Amount Schedule to IPA no later than thirty (30) calendar days after its receipt. On or before the return of the executed Agreement to IPA, the Transmission Developer shall provide the technical information required by this Agreement.

**ARTICLE 2**

**SYSTEM IMPACT STUDY**

2.1 **Performance of Study.** IPA shall cause to be performed a System Impact Study (SIS) with respect to Transmission Developer’s Transmission Interconnection Application in a manner consistent with Article 7 of the Procedures.

2.2 **Study Assumptions.** The assumptions used in conducting the SIS shall be as specified in the Procedures and in Attachment A to this Agreement.

2.3 **Technical Information.** The SIS shall be based on the technical information provided by Transmission Developer in the Transmission Interconnection Application, as the same has been or may be modified in the Scoping Meeting described in Section 3.2.4 of the Procedures, or in connection with the SIS. IPA reserves the right to request additional technical information from Transmission Developer to the extent reasonably necessary to conduct the SIS consistent with this Agreement, Good Utility Practice and the Procedures.

2.3.1. **Timely Provision of Technical Information.** If the Transmission Developer does not provide all required technical data when it delivers the executed System Impact Study Agreement, IPA shall notify Transmission Developer of any deficiency within five (5) Business Days of the receipt of the executed System Impact Study Agreement. The Transmission Developer shall have ten (10) Business Days to cure the deficiency; provided, however, such deficiency does not include failure to deliver the executed System Impact Study Agreement or deposit. If Transmission Developer fails to provide the required technical data within this timeframe, this Agreement shall be withdrawn.

2.4 **System Impact Study Scope.** The SIS shall evaluate the impact of the proposed interconnection of the Transmission Project on the reliability of the Transmission System. The SIS shall be conducted in accordance with Applicable Reliability Standards. IPA, or IPA’s consultant, shall utilize existing studies to the extent practicable when it performs the SIS. The Operating Agent shall approve the specific study scope proposed for each SIS. The SIS shall consist of any of the following technical analyses:
2.4.1. Conceptual breaker-level one-line diagram of existing system where project proposes to interconnect;

2.4.2. Review of feasibility/constructability of conceptual breaker-level one-line diagram of the proposed interconnection (e.g., space for additional breaker bay in existing substation);

2.4.3. Steady state and dynamic power flow analysis (thermal and voltage violations);

2.4.4. Short circuit/fault duty analysis;

2.4.5. Harmonic Studies

2.4.6. Reactive Power Study;

2.4.7. Sensitivity studies, as needed;

2.4.8. Screening for Sub-Synchronous Resonance (SSR), Sub-Synchronous Control Interaction (SSCI), Sub-Synchronous Torsional Interaction (SSTI), and AC system harmonic analysis, as applicable to the project; and

2.4.9. Identification of Network Upgrades. Evaluation of the SIS involves a transmission security analysis using thermal, voltage, stability and short circuit analyses, as well as a transfer limit analysis to ensure that a Transmission Project does not degrade interface transfer capability. A Transmission Project will trigger Network Upgrades if upgrades are necessary to mitigate impacts to the controlling limit (i.e., voltage, stability, thermal) as well as any impact to the thermal limit. A Transmission Project will also trigger Network Upgrades if it degrades the pre-project transfer limits of any IPA or Operating Agent transmission planning interface recognized in the IPA or Operating Agent’s transmission planning studies. A Transmission Project that triggers an upgrade would have to fully restore the impacted transfer limits to the pre-project limits.

2.5 Coordination with Affected Systems. IPA, or IPA’s consultant, shall coordinate the SIS with any Affected System that is affected by the Transmission Interconnection Application pursuant to Section 3.3 of the Procedures, and, request that the Affected System Operator identify any Affected System Upgrades within the time frame specified in the Procedures, if possible.

2.6 Study Report. The SIS report shall provide the following information: (a) A statement of the assumptions upon which it is based; (b) the results of the analyses; and (c) the requirements or potential impediments to the proposed interconnection, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The SIS report will also provide a list of Network Upgrades and Connection Facilities Affected System Upgrades, (if possible) that are
required as a result of the Transmission Project and a nonbinding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct. IPA, or IPA’s consultant, may evaluate Transmission Projects moving forward in the same time frame that both contribute to Network Upgrades to determine their pro rata cost responsibility for such Network Upgrades.

2.7 Study Report Data. Upon request, IPA, or IPA’s consultant, shall provide the Transmission Developer all supporting documentation, workpapers and relevant pre-Transmission Interconnection Application and post-Transmission Interconnection Application power flow, short circuit and stability data and assumptions for the SIS, subject to confidentiality arrangements consistent with Section 12.1 of the Procedures.

2.8 SIS Report Meeting. As soon as practicable after completing the initial draft of the SIS report, IPA will provide the SIS report to the Transmission Developer, the Operating Agent, and any Affected Systems for review and comment. Upon completion of this review process, IPA, Transmission Developer and any Affected Systems shall meet to discuss the results of the SIS. If IPA’s consultant was used to conduct the SIS, that consultant will also attend the meeting to discuss the results of the study.

ARTICLE 3
DEPOSIT AND PAYMENT

3.1 Initial Deposit and Draws. Concurrently with the execution of this Agreement, Transmission Developer shall pay to IPA an initial deposit for the SIS in the amount specified in the Deposit Amount Schedule of the Procedures, against which IPA will draw in order to reimburse IPA for the costs incurred in connection with its performance of this Agreement. The initial deposit shall not include any estimates of costs incurred by affected systems (i.e., other Transmission Providers, RTOs or ISOs). The Transmission Developer is responsible for the actual costs incurred by IPA and the Operating Agent for the SIS. When the initial deposit has been drawn down to a remainder of twenty-five percent (25%) of the amount deposited by Transmission Developer, IPA shall provide Transmission Developer in writing with a good faith estimate of the expected remaining study costs to complete the SIS, and the Transmission Developer shall pay IPA that amount as an additional study deposit within thirty (30) calendar days.

3.2 Invoices. As any draw is made against the deposit, IPA shall reasonably document the costs incurred by it in connection with its performance of this Agreement that were the subject of the draw by invoice to Transmission Developer for such amount monthly, which shall provide a description of the work performed.

3.3 Refund of Deposit. If, upon termination of this Agreement or completion of the SIS, there is any unapplied amount of the deposit held by IPA pursuant to this Agreement, IPA shall return the balance of the deposit to Transmission Developer within ten (10) Business Days in accordance with the Procedures. If so directed by Transmission Developer, IPA will apply the remaining amount of such deposit to future deposits or costs to be incurred pursuant to the Procedures or the Transmission Project Interconnection Agreement.
ARTICLE 4
TERMINATION

4.1 Failure to Provide Additional Deposit. If Transmission Developer does not timely provide an additional deposit described in Article 3, and within ten (10) Business Days of a subsequent demand therefor by IPA, then IPA may, in addition to its right to suspend work, immediately terminate this Agreement.

4.2 Transmission Developer Termination. Transmission Developer may terminate this Agreement upon ten (10) Business Days’ notice to IPA.

4.3 Payment. The termination of this Agreement shall not relieve Transmission Developer of the obligation to pay all amounts due under this Agreement, including, but not limited to, all costs incurred by IPA in connection with the termination hereof.

ARTICLE 5
MISCELLANEOUS

5.1 Confidentiality. The Parties agree to be bound by the provisions of Section 12.1 of the Procedures as if the same were fully set forth herein.

5.2 Accuracy of Information. The Transmission Developer represents and warrants that, to the best of its knowledge and in accordance with Good Utility Practice, the information that it provides to IPA in connection with this Agreement and the SIS is accurate and complete. The Transmission Developer acknowledges and accepts that it has a continuing obligation under this Agreement to promptly provide IPA with any additional information required to update the information previously provided within no less than forty-eight (48) hours.

5.3 Disclaimer of Warranty; Limitation of Liability and Release. In performing or causing the SIS to be performed, IPA may rely on the information provided by the Transmission Developer and third parties, and IPA does not have any control over the veracity or accuracy of the data, information and other studies submitted by the Transmission Developer or obtained from third parties or industry sources.

IPA HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE ELECTRIC INDUSTRY, OR OTHERWISE, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHERMORE, IPA SHALL NOT BE LIABLE TO TRANSMISSION DEVELOPER UNDER ANY CIRCUMSTANCES, UNDER ANY THEORY OF LIABILITY AT LAW OR IN EQUITY, WHETHER SUCH LIABILITY IS KNOWN OR UNKNOWN AT THE TIME OF SIGNING THIS AGREEMENT, OR ANY TIME THEREAFTER, FOR ANY DEATH, BODILY INJURY, AND LOSS OF USE OR DAMAGE
OR DESTRUCTION OF ANY PROPERTY OR ANY BUSINESS INTERRUPTION, TO A THIRD PARTY OR TO TRANSMISSION DEVELOPER.

Upon execution of this Agreement, Transmission Developer acknowledges and accepts that it has not relied on any representations or warranties not specifically set forth herein.

5.4 Representations and Warranties. The Transmission Developer represents and warrants that it has the requisite power and authority to enter into this Agreement and to perform each of the terms and covenants of it. The Transmission Developer represents and warrants that it has undertaken or will cooperate with IPA in undertaking any environmental review required for its proposed project; provided however, IPA’s undertaking and completion of the SIS, or issuance of a system impact study report, shall neither be construed as a guarantee of an agreement nor an approval of the proposed project. The Transmission Developer further represents and warrants it is not restricted or prohibited contractually or otherwise, from entering into and performing this Agreement, and that the execution and performance of this Agreement by Transmission Developer will not constitute a violation or breach of any other agreement between it and any other person or entity. The Transmission Developer further represents and warrants that this Agreement is a valid and binding obligation of Transmission Developer.

5.5 Force Majeure. If a Force Majeure Event prevents IPA from fulfilling any obligations under this Agreement, IPA shall promptly notify the Transmission Developer in writing, and shall suspend or modify its performance under this Agreement. For purposes of this Agreement, a “Force Majeure Event” means any event or circumstance caused by reason of Force Majeure that prevents or delays IPA’s performance under this Agreement which (a) is beyond the reasonable control of IPA and (b) was unable to be prevented or provided against by exercising Good Utility Practice or commercially reasonable efforts. In the event that the IPA suspended its performance, it shall resume its obligations under this Agreement as soon as reasonably possible upon resolution of the Force Majeure Event. In the event that the Parties mutually agree to modify IPA’s performance as a result of the Force Majeure Event, this Agreement shall be modified in accordance with Section 5.14 herein.

5.6 Indemnification.

a. Transmission Developer undertakes and agrees to indemnify and hold harmless IPA, Intermountain Power Service Corporation, the Operating Agent, and all of their respective boards, owners, members, directors, officers, agents, representatives, employees, assigns and successors in interest (the “Indemnified Parties”), and, at the option of Transmission Developer, either defend (by using counsel reasonably acceptable to and approved in advance by the affected Indemnified Party) or reimburse defense costs incurred by an Indemnified Party from and against any and all suits, causes of action, claims, charges, damages, demands, judgments, civil and criminal fines and penalties, costs, expenses (including, without limitation, reasonable attorneys’ fees and disbursements and court costs) and losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including, without limitation, to Transmission Developer’s boards, owners, members, directors, officers, agents, representatives
and employees, or damage to or destruction of any property of either Party hereto or third persons arising as a result of, or caused in whole or in part by any: (i) breach or default under this Agreement on the part of Transmission Developer; or (ii) negligent act, error, omission or willful misconduct incidental to, related to or connected with the performance of this Agreement or the interconnection or any other matter contemplated by or provided for under this Agreement on the part of Transmission Developer or any of Transmission Developer’s boards, owners, members, directors, managers, officers, agents, representatives, employees or subcontractors of any tier, except to the extent arising from the gross negligence or willful misconduct of Indemnified Parties.

b. Transmission Developer undertakes and agrees to indemnify and hold harmless Indemnified Parties and, at the option of Transmission Developer, either defend (by using counsel reasonably acceptable to and approved in advance by the affected Indemnified Party) or reimburse defense costs incurred by an Indemnified Party from and against any and all suits, causes of action, claims, charges, damages, demands, judgments, civil and criminal fines and penalties, costs, expenses (including without limitation, reasonable attorneys’ fees, disbursements and court costs) and losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including without limitation, to Transmission Developer’s boards, owners, members, directors, officers, agents, representatives and employees, or damage to or destruction of any property of either Party hereto, or third persons in any manner arising by reason of any negligent act, error or omission incident related to or connected with the performance of this Agreement or the interconnection or any other matter contemplated by or provided for under this Agreement on the part of the Operating Agent, IPA, or Intermountain Power Service Corporation, or their respective boards, owners, members, directors, officers, agents, representatives, employees, or subcontractors of any tier (including Intermountain Power Service Corporation), except to the extent arising from the gross negligence or willful misconduct of IPA, the Operating Agent or Intermountain Power Service Corporation, or their respective boards, officers, agents, representatives or employees.

c. Transmission Developer agrees that it shall not directly or indirectly assert any claim against IPA or seek to have IPA indemnify or reimburse Transmission Developer for any loss, cost or damage with respect to which Transmission Developer has a duty of indemnification pursuant to subsection a. or b. of this Section 5.6.

5.7 Consequential Damages. Except with respect to liabilities arising from third-party claims for which Transmission Developer is required to indemnify an Indemnified Party, in no event shall either Party be liable to the other Party under any provision of this Agreement for any indirect, incidental, punitive or consequential damages, losses, damages, costs or expenses 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 indirect, incidental, punitive or consequential damages hereunder.
5.8 **Performance by Operating Agent.** The Parties recognize that the Los Angeles Department of Water and Power, pursuant to an agreement with IPA, acts as the Operating Agent for IPA’s generation and transmission facilities, including the IPA Switchyard and the Transmission System, and that the Los Angeles Department of Water and Power, in such capacity as Operating Agent, is responsible for planning, negotiating, designing, constructing, insuring, administering, operating and maintaining the IPA Switchyard and the Transmission System and such other facilities of IPA. Accordingly, consistent with such agreements with IPA, the Los Angeles Department of Water and Power, as Operating Agent acting on behalf of IPA, is to perform and carry out the obligations of IPA under this Agreement. IPA or the Operating Agent may use the services of contractors as it deems appropriate to perform its obligations under the Procedures. The IPA shall remain primarily liable to the Transmission Developer for the performance of such contractors and compliance with its obligations under the Procedures. The contractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

5.9 **Performance by Intermountain Power Service Corporation.** The Parties further recognize that under an agreement with IPA and the Los Angeles Department of Water and Power as Operating Agent, Intermountain Power Service Corporation performs certain operating and maintenance work pertaining to IPA’s generation and transmission facilities, including the IPA Switchyard and the Transmission System, under the direction of the Los Angeles Department of Water and Power as Operating Agent. Accordingly, consistent with such agreement with IPA and the Los Angeles Department of Water and Power, Intermountain Power Service Corporation may perform and carry out certain operation and maintenance work with respect to the IPA Interconnection Facilities, as well as the IPA Switchyard and the Transmission System, as provided for under the applicable provisions of this Agreement.

5.10 **Dispute Resolution.** The Parties agree to be bound by the provisions of Section 12.5 of the Procedures as if the same were fully set forth herein.

5.11 **Conformance with NERC and WECC Reliability Requirements.** The Parties agree to be bound by the provisions of Section 12.8 of the Procedures as if the same were fully set forth herein.

5.12 **Assignment.** This Agreement may be assigned by either Party only upon the express written consent of the other Party.

5.13 **Binding Effect.** This System Impact Study Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors or assigns, subject to the Procedures.

5.14 **Amendment.** No amendment of this Agreement or any of the Appendices hereto shall be effective or binding unless it is set forth in a written instrument that is duly executed and delivered by both of the Parties.
5.15 **Governing Law.** This Agreement shall be governed by the laws of the State of Utah without regard to Utah’s laws or rules governing conflicts of law.

5.16 **Venue.** All litigation arising out of or relating to this Agreement shall be brought only in the United States District Court for the District of Utah, if jurisdiction should there exist, or, if such jurisdiction is lacking, then only in the Third Judicial District Court for Salt Lake County, Utah, and the Parties irrevocably agree to submit to the personal jurisdiction of each such court.

5.17 **Attorneys’ Fees and Costs.** In any action to enforce the terms of this Agreement, each Party shall be responsible for its own attorneys’ fees and costs.

5.18 **Waivers.** Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with said agreement, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. Any delay, short of the statutory period of limitation in asserting or enforcing any right, shall not be deemed a waiver of such right.

5.19 **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. This Agreement may be amended only by a written document signed by the Parties. Each Party acknowledges that it was represented by counsel in the negotiation of this Agreement and that it has been authorized to execute this Agreement.
IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

**Intermountain Power Agency, by its Operating Agent**

By: __________________________
Title: _________________________
Date: _________________________

[Transmission Developer]__________________________

By: __________________________
Title: _________________________
Date: _________________________
ASSUMPTIONS USED IN CONDUCTING
SYSTEM IMPACT STUDY

The System Impact Study (SIS) will be based upon the results of the scoping meeting held on _______________ and any assumptions contained within the Transmission Developer’s response to any and all data request(s) including the completed Attachment A, subject to any permitted modifications in accordance with Section 4.4 of the Procedures and any revised Attachment A submitted by Transmission Developer, and the following assumptions:

- [Transmission Developer]______________________________
  [Date]________________________ Interconnection Request for a Transmission Facility, including Attachment A

- [INSERT ANY ADDITIONAL TECHNICAL ASSUMPTIONS FOR SIS]

Note: All information below shall be considered preliminary at this time as it is subject to detailed design and verification later
NON-BINDING GOOD FAITH ESTIMATE OF COST AND TIMEFRAME
FOR COMPLETING THE SYSTEM IMPACT STUDY

In accordance with Section 7.1 of the Procedures, IPA provides the Transmission Developer with the following non-binding good faith estimate of the cost and timeframe for completing the System Impact Study (SIS). The estimated costs and milestones provided by IPA shall be based on its good faith estimates of the costs and time to perform the SIS at the time this Agreement is tendered to the Transmission Developer, on the basis of the information provided by Transmission Developer and based upon the results of the Scoping Meeting held on_____________________, and any assumptions contained within the Transmission Developer’s response to any and all data request(s) including the completed Attachment A, subject to any permitted modifications in accordance with Section 4.4 of the Procedures and any revised Attachment A submitted by Transmission Developer. The non-binding good faith estimates of cost and timeframe for completing the SIS that are set forth below, and any estimated milestones contained herein, may be modified or revised at the sole discretion of IPA.

[IPA TO INSERT GFE OF COST AND TIMEFRAME]