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APPENDIX II

Market-Based Rate Authority Suspension

This Appendix provides the rates, terms and conditions that apply to Scheduling Coordinators that submit Bids into the CAISO Markets for resources of Market Participants affected by a suspension or revocation of the Market Participant's market-based rate authority, issued pursuant to Section 35, Subpart H of the Federal Energy Regulatory Commission's Rules of Practice and Procedure (18 C.F.R §§ 35.36 to 35.42) where the Federal Energy Regulatory Commission has restricted participation to the following terms:

1) The Market Participant's authority to sell energy, capacity, and ancillary services at market-based rates is suspended or revoked.

2) The Market Participant will only be allowed to participate in wholesale electricity markets by either scheduling quantities of energy products without an associated price or by specifying a zero-price in their offer, as the relevant tariffs require.

3) The rate received by the Market Participant will be capped at the higher of the applicable Locational Marginal Price or its Default Energy Bid.

This Appendix details the application of the terms specified above as they apply to Market Participants engaged in transactions under the CAISO Tariff. These additional rates, terms and conditions apply in addition to those already specified in other provisions of the CAISO Tariff, which remain in effect for Scheduling Coordinators subject to this Appendix to the extent not inconsistent with this Appendix.

1. Bids for and Settlement of Energy

1.1. The Scheduling Coordinator may only participate in the Day-Ahead and Real-Time Markets for the resources of Market Participants subject to this Appendix by submitting either a Self-Schedule or an Economic Bid with a price of zero (0) dollars per megawatthour ($0/MWh).

1.2. Prior to the Market Close of the applicable CAISO Market, the CAISO will validate the Bids submitted by such Scheduling Coordinator based on the Resource ID. If the Scheduling Coordinator submits a Bid that is not either a Self-Schedule or an Economic Bid with a price of $0/MWh, the CAISO will reject the Bid.

1.3. Prior to the execution of the applicable CAISO Market run, the CAISO will replace all the resource's Economic Bid segments with a Generated Bid based on the resource's Proxy Costs.

1.4. After the execution of the CAISO Market run, for intervals in which the resource is dispatched or committed by the CAISO, including any Exceptional Dispatches, the CAISO will pay the higher of its Default Energy Bid or the applicable Locational Marginal Price.

2. Residual Unit Commitment Bids

2.1. The Scheduling Coordinator may only participate in the Residual Unit Commitment for the resources of Market Participants subject to this Appendix by submitting a RUC Availability Bid of zero (0) dollars per megawatt per hour ($0/MW-hour).

2.2. Prior to the Market Close of the applicable CAISO Market, the CAISO will validate the bids submitted by such Scheduling Coordinator based on the Resource ID. If the Scheduling Coordinator submits a RUC Availability Bid that is not a $0/MW-hour, the

CAISO will reject the RUC Availability Bid.

3.   Default Energy Bid

3.1.   The Scheduling Coordinator will not be entitled to select the Negotiated and LMP options for the resources of Market Participants subject to this Appendix and can only select the Variable Cost Option as specified in Section 39.7 of the CAISO Tariff for their Default Energy Bid during the period of the suspension.

3.2.   If the resource lacks a Variable Cost Option Default Energy Bid during the period of the suspension or revocation, the CAISO will create a Default Energy Bid with a $0/MWh price for the resource.

4.   Minimum Load, Start-Up, and Transition Costs

4.1.   The Scheduling Coordinator responsible for submitting the resource's Minimum Load and Start-Up Costs for the resources of Market Participants subject to this Appendix will not be entitled to select the Registered Cost option available under Section 30.4.7 and can only select the Proxy Cost option as specified in Section 30.4.5 of the CAISO Tariff for their Minimum Load and Start-Up Costs.

4.2.   If the resource is registered with the CAISO as a Multi-Stage Generating Unit resource, the Scheduling Coordinator may only register a Transition Cost of $0 per MW hour.

4.3.   If the resource lacks a Start-Up or Minimum Load Cost in any market intervals, the CAISO will insert the Start-Up or Minimum Load Costs calculated based on the Proxy Cost option.

5.   Ancillary Services

5.1.   The Scheduling Coordinator for the resources of Market Participants subject to this Appendix may only submit either an Ancillary Services self-schedule consistent with the requirements of the ISO tariff or an Ancillary Service Bid with a zero price per megawatt ($0/MW).

5.2.   Prior to the Market Close, the CAISO will reject any Ancillary Services Bid submitted for such resource that is not an Ancillary Services self-schedule consistent with the requirements of the ISO tariff or an Ancillary Services Bid with a $0/MW price.

6.   Ramping Rates

6.1.   All of the Operating Reserve, Operational and Regulating Ramp Rates for the resources of Market Participants subject to this Appendix will be based on the maximum ramp rate registered in the Master File.

6.2.   To the extent the Scheduling Coordinator for such resources submits something other than the maximum ramp rate registered in the Master File for these rates, the CAISO will replace the ramp with the maximum ramp rate value in the Master File.

6.3.   In the Real-Time Market, the Scheduling Coordinator may only modify their maximum Ramp Rate through a SLIC submission based on actual changes in physical conditions of the resource.