CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

FERC ELECTRIC TARIFF

Second Sub. 2nd Revised Sheet No. 126

FIRST REPLACEMENT VOLUME NO. I

Superseding First Revised Sheet No. 126

Payments.

Scheduling Coordinators for owners of Reliability Must-Run Units (or Black Start Generators, as

the case may be) shall receive the following payments for Energy output from Black Start

facilities:

 $BSEN_{ijt} = (EnQBS_{ijt} * EnBid_{ijt}) + BSSUP_{ijt} - Adjustment$

where BSSUPijt is the start-up payment for a Black Start successfully made by Generating Unit

i of Scheduling Coordinator j (or Black Start Generator j) in Trading Interval t calculated in

accordance with the applicable Reliability Must-Run Contract (or the Interim Black Start

agreement as the case may be).

2.5.27.7 Temporary Limitation on Ancillary Service Prices.

Notwithstanding any other provision of the ISO Tariff, the Market Clearing Prices for Regulation

Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement

Reserves shall not exceed the Hourly Ex Post Price, as determined in accordance with Section

2.5.23.3.1, during System Emergencies. Scheduling Coordinators for Generating Units,

System Units, Loads, and System Resources that submit bids above the Hourly Ex Post Price

for the supply of these Ancillary Services during System Emergencies shall be paid in

accordance with their bids if accepted by the ISO. Such bids shall be subject to cost

justification requirements. Scheduling Coordinators subject to the cost justification requirement

must provide such justification in writing to the ISO and the FERC by no later than seven (7)

calendar days after the end of the month in which the bid was submitted.

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Second Sub. 1st Revised Sheet No. 126A

Superseding Original Sheet No.126A

The ISO will treat the cost justifications provided to the ISO in accordance with this Section

2.5.27.7 as confidential and will apply the procedures in Section 20.3.4 of this ISO Tariff with

regard to requests for disclosure of such information. Amounts collected by Scheduling

Coordinators subject to the cost justification requirement in excess of the Hourly Ex Post Price

shall be subject to refund, as may be ordered by the FERC.

2.5.28 Settlement for User Charges for Ancillary Services.

(a) The ISO shall determine a separate hourly user rate for Regulation, Spinning

Reserve, Non-Spinning Reserve and Replacement Reserve for each Settlement Period

purchased in the Day-Ahead market, and in the Hour-Ahead Market. Each rate will be charged

to Scheduling Coordinators on a volumetric basis applied to each Scheduling Coordinator's

obligation for the Ancillary Service concerned which it has not self provided, as adjusted by any

Inter-Scheduling Coordinator Ancillary Service Trades.

Each Scheduling Coordinator's obligation for Regulation, Spinning Reserve, Non-

Spinning Reserve and Replacement Reserve for each Zone shall be calculated in accordance

with Section 2.5.20.1, notwithstanding any adjustment to the quantities of each Ancillary

Service purchased by the ISO in accordance with Section 2.5.3.6.

The cost of Voltage Support and Black Start shall be allocated to Scheduling

Coordinators as described in Sections 2.5.28.

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