Settlements & Billing

Configuration Guide: RC Services Early Termination Fee

**CC 5703**

 Version 5.0

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# Purpose of Document

The purpose of this document is to capture the requirements and design specification for a Charge Code in one document.

# Introduction

## Background

The CAISO serves as the reliability coordinator (RC) for entities within its balancing authority area (BAA), and offers to serve as the RC for other balancing authorities (BAs) in the western interconnection, including transmission operators (TOPs) within those BAs. The revenue required to offset the costs that the CAISO incurs to provide RC Services is the “RC Funding Requirement”.

The RC Funding Requirement consists of the annual costs associated with the CAISO’s provision of RC Services, including the annual costs associated with maintaining shared reliability coordinator tools such as the Western Interchange Tool and the Enhanced Curtailment Calculator. The CAISO determines the RC Funding Requirement based on the percentage of its overall revenue requirement attributable to the cost of providing RC Services. This percentage is updated in conjunction with the triennial cost of service study conducted by the CAISO. The RC Funding Requirement is calculated, on an annual basis, as the product of this percentage multiplied by the annual revenue requirement for the same year.

To recover the RC Funding Requirement, the CAISO will calculate an RC Services rate annually, effective January 1 each year. The CAISO will calculate the RC Services rate by taking the annual RC Funding Requirement, less any known minimum RC Services charge for the applicable year, and dividing the RC Funding Requirement by the sum of (1) the annual Net Energy for Load (NEL) MWh for all BAs with load and TOPs and (2) the annual Net Generation (NG) MWh for all generators connected to generation-only BAs and TOPs that the CAISO anticipates will take RC Services for the applicable year.

The CAISO allocates its own RC Services Charge to RC Customers that are located in the CAISO’s BAA and Scheduling Coordinators that serve load in the CAISO BAA based on their share of the total NERC/WECC Metered Demand in MWh for the CAISO Balancing Authority Area.

## Description

An RC Customer located outside of the CAISO Balancing Authority Area that elects to terminate RC Services must terminate the Reliability Coordinator Service Agreement (RCSA) pursuant to its terms. The RC Customer may terminate the Agreement, without penalty, by giving the CAISO not less than twelve (12) months advance written notice after the Initial Term. If the RC Customer gives the CAISO less than twelve (12) months’ notice after the Initial Term and is being billed directly for the RC Services, the RC Customer will be charged an amount equal to the balance of the RC Service Charge remaining on the twelve (12) month required notice period.

The RC Services Early Termination Fee (CC 5703) assesses charges equal to the balance of estimated RC Service Charges if applicable, on the greater of the required notice period or payment period, if a customer terminates its agreement before the expiration of the notice period. This fee reasonably ensures recovery of any costs incurred by the CAISO for the initial integration and subsequent termination of service to the customer.

# Charge Code Requirements

## Business Rules

| Bus Req ID | Business Rule |
| --- | --- |
| 1.0 | The RC Services Early Termination Fee (CC 5703) is a one-time charge billed and invoiced on a supplemental RC Services invoice as required. |
| 2.0 | This penalty is applicable to RC Customers not within the CAISO footprint, which can be Balancing Authorities or TOPs who have requested direct billing for RC Services. |
| 3.0 | Payment for any RC Services invoice is due within 21 business days from the invoice date. |
| 4.0 | The CAISO will issue the RC Services Charge-related statements and invoices separately from CAISO market statements and invoices. |
| 5.0 | Any unpaid (default) amounts from an RC Services Invoice will be reallocated to all other RC Customers in proportion to their RC Invoice amount. |

## Predecessor Charge Codes

| Charge Code/ Pre-calc Name |
| --- |
| None |

##

## Successor Charge Codes

| Charge Code/ Pre-calc Name |
| --- |
| None |

## Inputs – External Systems

| Row # | Variable Name | Description |
| --- | --- | --- |
| 1 | PTBRCServicesEarlyTermFeeAmt BJmd | RC Services PTB Early Termination Fee Amount (in $) for RC Customer (B). |

## Inputs - Predecessor Charge Codes or Pre-calculations

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|  |  |  |
| --- | --- | --- |
| Row # | Variable Name | Predecessor Charge Code/ Pre-calc Configuration |
|  | None |  |

## CAISO Formula

RCServicesEarlyTermFeeAmount Bmd =

$\sum\_{}^{}J $PTBRCServicesEarlyTermFeeAmt BJmd

##

## Outputs

| Row # | Name | Description |
| --- | --- | --- |
| 1 | RCServicesEarlyTermFeeAmount Bmd  | Annual RC Services Early Termination Fee Amount for RC Customer (B). |
| 2 | In addition to any outputs listed above, all inputs shall be included as outputs. |  |

# Charge Code Effective Date

| Charge Code/Pre-calc Name | Document Version | Effective Start Date | Effective End Date | Version Update Type |
| --- | --- | --- | --- | --- |
| RC Services EarlyTerm Fee (CC 5703) | 5.0 | 7/1/2019 | Open | Configuration Impacted |