



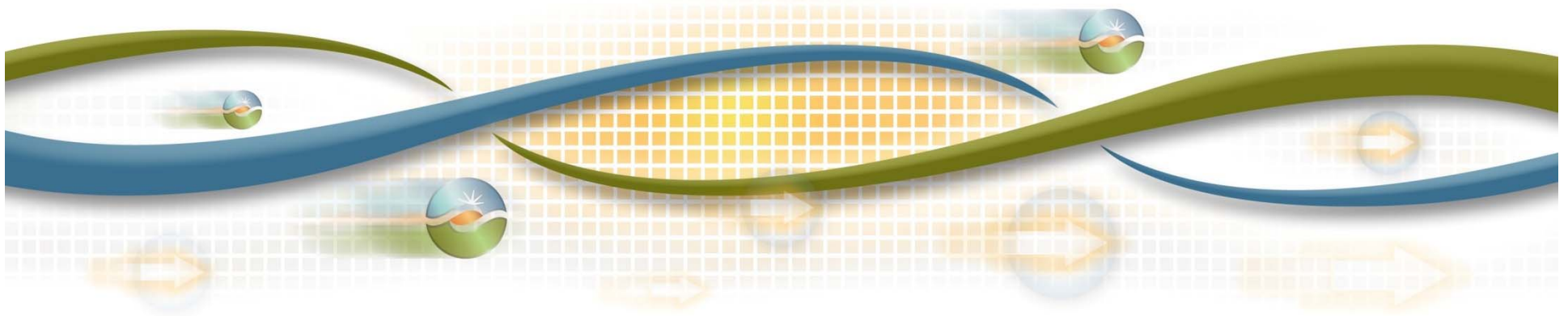
Decision on Peak Reliability Coordinator funding proposal

Denise Walsh, Controller

Board of Governors Meeting

General Session

June 30, 2015



New Billing Process for Reliability Coordinator Services

- Based on the FERC approved bifurcation of WECC the annual reliability coordinator (RC) charges will no longer be “pass-through” charges to the ISO as part of the annual NERC/WECC billing process
- Effective November 2015, Peak (the independent company who performs the RC services) will bill the ISO directly for RC services
- The current tariff authorizes the ISO to bill RC fees as “pass-through” charges for WECC so the change to “direct billing” by Peak requires a tariff amendment

Peak Billing Process

- The proposed Peak billing process is generally consistent with the one currently in place for the “pass-through” of NERC/WECC charges, except for one change to address a payment default situation
 - As is done today under the NERC/WECC process the cost allocation for RC charges will be based on the most recent NERC/WECC metered demand
 - Also, the ISO will use the same basic bill validation process used for NERC/WECC charges. Invoice disputes are limited to typographical or ministerial errors and concerns about RC charges can be raised with Peak during its annual budget process

New Payment Default Provision

- Invoice late payment penalties will apply to RC charges in accordance with existing settlement procedures
- In the case of a payment default or shortfall, when financial security is insufficient, the ISO may issue a supplemental invoice and allocate un-paid charges to the non-defaulting scheduling coordinators based on their metered demand

Stakeholder Process

- Stakeholders were aware of the upcoming billing process change based on Peak's recently established funding agreement
- The ISO scheduled two calls to stakeholder the proposal and the tariff changes
- Stakeholders generally supported the amendment and provided minimal comments