 California ISO	Questions: SCRequests@caiso.com	Version No.	6.0
Electronic Funds Transfer (EFT) Procedure Remittance and Payment ACH or Fed Wire Selection		Revision Date	11/1/2018
		Distribution Restriction	none

ISO ELECTRONIC FUNDS TRANSFER PROCEDURE

BACKGROUND

The California ISO allows the use of the ACH payment services in addition to the Fed Wire payment system for all transactions including settlement of invoices and collateral prepayments. Accordingly, participants should select their preferred method of receiving payments **from** and remitting payments **to** the ISO by completing the applicable sections of the [Electronic Funds Transfer \(EFT\) form](#).

If elected by a participant, payments required under the FERC tariff may be made via the ACH payment service instead of the Fed Wire payment service. The ACH payment service is an efficient, lower cost alternative payment method compared to the Fed Wire payment service. The ACH payment service will enable funds transfer **from** a participant's bank account via ACH to the ISO (if the participant is a debtor) and **to** a participant's account via ACH (Credit) from the ISO (if the participant is a creditor).

PAYMENT OPTIONS

Participants may elect the following options for payments **to** and **from** the ISO for invoices and posting and/or return of financial security payments, when applicable.

Payment methods **to** the ISO (Remittance Option)

- ACH Draft (Debit)
- ACH Debit
- Fed Wire Transfer

Payment methods **from** the ISO (Payment Option)

- Fed Wire Transfer
- ACH (Credit)


FED WIRE VS ACH PAYMENT SERVICES

There are two main differences between Fed Wire and ACH payment services:

1. Transaction costs, and
2. Difference in settlement times (i.e. actual receipt of available funds).

ACH transfers are batch processed as a single transaction by the receiving bank at the end of the day after the bank collects all the information about all of the transactions to be included in the batch. The ACH batch process is easier for banks and, therefore, is less expensive to the customer, but most ACH transactions settle the next business day and some could take up to two business days to settle (depending on the banking institution) following the batch processing by the bank.

Conversely, Fed Wire transfers occur in real time, based on a direct connection between originating and receiving banks with no batch processing delay. A Fed Wire transfer is guaranteed "same day" settlement if the Fed Wire instruction is received prior to the bank's cut-off schedule. However, the effort involved with arranging an individual Fed Wire transfer instead of a batched ACH transfer results in higher fees for Fed Wire payments.

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Bank Fees for Payment Services:

The table below reflects the average in/outbound transaction costs of Fed Wire and ACH payment services based on national bank fees. Actual bank fees may be higher or lower.

AVERAGE TRANSACTION COSTS*				Potential Savings Per Transaction
Outgoing Fed Wire	\$10.00	Outgoing ACH	\$0.15	\$ 9.85
Incoming Fed Wire	\$10.00	Incoming ACH	\$0.35	\$ 9.65

**(Sourced from the 2011-2012 Phoenix-Hecht Blue Book of Bank Prices®)*

When compared to Fed Wire payment costs (\$10.00 per transfer), implementation of the ACH payment service could provide potentially significant future long-term cost savings for both the ISO and participants. An average savings of up to \$9.85 per ACH transfer could be realized by both the ISO and participants. As long as fund transfers via ACH from a participant to the ISO are scheduled to be paid so they arrive on or before they are due (in accordance with scheduled payment dates or collateral deadlines) and ACH fund transfers from the ISO to a participant are authorized to be received the next business day or up to 2 **business** days after they are due. Participants should be aware, however, that if ACH fund transfer payments from the participant to the ISO are not initiated in a timely manner so they arrive by the payment due date, then late payment penalties may be assessed against the participant, thereby making the ACH payment option potentially more costly than the Fed Wire payment option if the participant does not have a robust process in place.

DESCRIPTIONS OF ACH AND FED WIRE PAYMENT SERVICES

The EFT forms include the following options for participants. Please note the importance of the ACH timeline below when selecting ACH payment services on the attached ETF forms.

Payments to the ISO

ACH Draft (Debit) – Election authorizes the ISO to initiate ACH transfer at most, two business days prior to the payment due date from the participant’s bank account to the ISO’s market clearing account in accordance with the ISO Settlement Calendar or to fulfill ISO requests for financial security.


ACH (Debit) -The participant initiates ACH transfer at most, two business days prior to the payment due date from the participant's bank account to the ISO’s market clearing account in accordance with the ISO Settlement Calendar or to fulfill ISO requests for financial security.

Fed Wire Transfer- A Fed Wire transfer is guaranteed “same day” settlement if the Fed Wire instruction is received prior to the bank’s cut-off schedule.

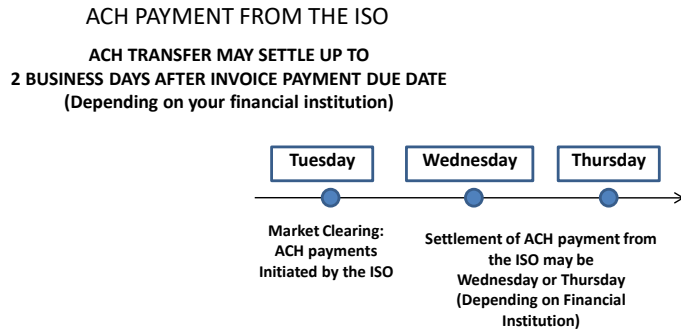
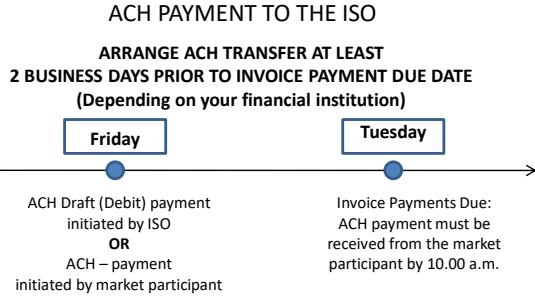
Payments from the ISO

ACH (Credit) – Election to receive ACH payments from the ISO. The ISO will initiate the ACH transfer from the ISO bank account to the participant’s account in accordance with the ISO Settlement Calendar or upon request to return financial security. ACH funds may settle the next business day but could take up to two business days to settle depending on your banking institution.

Fed Wire Transfer- A Fed Wire transfer is guaranteed “same day” settlement if the Fed Wire instruction is received prior to the bank's cut-off schedule.

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EXAMPLE - ACH PAYMENT TIMELINE



ISO BANK ACCOUNT INFORMATION:

Below is the ISO's bank account information for remitting invoice and collateral payments.

Invoice Payments	California ISO	Collateral Payments	California ISO
Settlement Account No.	4122041817	Settlement Account No.	4122041833
Sort Code (ABA Number)	121000248	Sort Code (ABA Number)	121000248
Financial Institution Name	Wells Fargo Bank, N.A. 420 Montgomery Street San Francisco, CA 94104	Financial Institution Name	Wells Fargo Bank, N.A. 420 Montgomery Street San Francisco, CA 94104
Federal Tax Id Number	94-3274043	Federal Tax Id Number	94-3274043

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IMPORTANT Notes:

- The ISO requires that a completed EFT form be received at least ten (15) business days prior to a payment (invoice or collateral) due date in order to validate bank account details.
- The ISO requires a “test” whenever a participant changes its ACH or Fed Wire instructions or bank details, (i.e. bank routing number, account number or both) on file with the ISO, please see steps below.
- **Please keep an existing bank account open until the new account or transfer type change TEST is complete and bank account information has been moved into production.**
- If there has been a company name change the EFT forms must accompany the [Name Change form](#).

PROCESS

For ACH or Fed Wire setup, follow all steps listed below. All sections of the form must be completed or indicate no change.

Step	Participant	ISO
1.	Complete the applicable sections of the EFT form on page 5 and 6.	
2.	Email the EFT form to SCRequests@caiso.com	
3..		Sends a test invoice for \$11.00 to the client via email.
4.	Send \$11.00 to the ISO based on selected payment method (Fed Wire or ACH) indicated on EFT form by 10 AM (PST) on the invoice due date. (ACH or Fed Wire must have CAISO or California ISO on it).	
5.		Acknowledges receipt of the Fed Wire or ACH transfer though the client rep.
6.		Returns \$11.00 via ACH or Fed Wire as indicated on EFT form.
7.	Acknowledges receipt of the monies back to account.	

Please note: If no ACH payment options are elected by the participant, the participant will pay and receive funds via the Fed Wire system. In accordance with the ISO tariff **section 11.29.4.1**, it remains the participant’s responsibility to ensure that payments due to the ISO are received by the ISO by 10:00 a.m. on the scheduled Payment Date. In addition, in accordance with the ISO tariff **section 12.4.1**, it remains the participant’s responsibility to ensure that ISO requests for additional financial security are received by the ISO within two business days of the request.