

**8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators and Other Appropriate Parties.**

The costs recovered through the Grid Management Charge shall be allocated to the three service charges that comprise the Grid Management Charge. The costs recovered through each service charge shall be delineated in ~~the an annual informational filing to be made at FERC filing to be made pursuant to Schedule 1, Part D of this Tariff.~~

- (1) Control Area Services Charge,
- (2) ~~Inter-Zonal Scheduling~~ Congestion Management Charge, and
- (3) ~~Market Operations~~ Ancillary Services and Real-Time Energy Operations Charge.

The three charges shall be levied separately monthly in arrears on all Scheduling Coordinators and ~~other Other appropriate Appropriate parties Parties~~ based on the billing determinants specified below for each charge.

**8.3.1 Control Area Services Charge.**

The Control Area Services Charge for a Scheduling Coordinator or ~~other appropriate party Other Appropriate Party~~ is calculated as the product of the rate for the Control Area Services Charge and the Control Area Gross Load and exports of the Scheduling Coordinator or ~~other appropriate party Other Appropriate Party~~. The rate for the Control Area Services Charge is determined by dividing the GMC costs allocated to this service category by the total Control Area Gross Load and exports, according to the formula in Appendix F, Schedule 1, Part A of this Tariff.

**8.3.2 ~~Inter-Zonal Scheduling~~ Congestion Management Charge.**

The ~~Inter-Zonal Scheduling~~ Congestion Management Charge for each Scheduling Coordinator is calculated as the product of the rate for the ~~Inter-Zonal Scheduling~~ Congestion Management Charge and the absolute value of the net scheduled inter-zonal flow (excluding ~~ETC~~ flows pursuant to Existing Contracts) per path for that Scheduling Coordinator. The rate for the ~~Inter-Zonal Scheduling~~ Congestion Management Charge is determined by dividing the GMC costs allocated to this service category by the

total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path, according to the formula in Appendix F, Schedule 1, Part A of this Tariff.

### **8.3.3 ~~Market Operations~~ Ancillary Services and Real-Time Energy Operations Charge.**

The ~~Ancillary Services and Real-Time Energy Operations~~ ~~Market Operations~~ Charge for each Scheduling Coordinator or Other Appropriate Party is calculated as the product of the rate for the ~~Ancillary Services and Real-Time Energy Operations~~ ~~Market Operations~~ Charge and the Scheduling Coordinator's or Other Appropriate Party's total purchases and sales (including out-of-market energy resources) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed), plus 50% of effective self-provision of Ancillary Services. The rate for the ~~Ancillary Services and Real-Time Energy Operations~~ ~~Market Operations~~ Charge is determined by dividing the GMC costs allocated to this service category by the total purchases and sales of Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) and 50% of effective self-provision of Ancillary Services according to the formula in Appendix F, Schedule 1, Part A of this Tariff. Energy procured to cover line losses or other transmission losses also shall be assessed this charge.

### **8.4 Calculation and Adjustment of the Grid Management Charge.**

The three charges set forth in Section 8.3 that comprise the Grid Management Charge shall be calculated annually by summing the Operating Costs (less any available expense recoveries), Financing Costs, and Operating and Capital Reserves Costs associated with each of the three ISO services, to obtain a total Revenue Requirement. A separate Revenue Requirement for each component of the GMC shall be established by dividing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories. The Revenue Requirement for each service then shall be divided by the forecast annual or periodic billing determinant volume to obtain a rate for each service, which will be payable by Scheduling Coordinators and ~~other appropriate parties~~ Other Appropriate Parties as set forth in Section 8.3. The rates so established ~~shall~~ may be adjusted annually, or over such lesser period as approved by the ISO Governing Board and filed with the FERC, to reflect any variance between forecast and actual costs for the previous year or period, or any surplus

revenues from the previous year ~~of or~~ period (as defined in Section 8.5), or the inability to recover from a Scheduling Coordinator or ~~other appropriate party~~ Other Appropriate Party its share of the Grid Management Charge, or any under-achievement of a forecast of the billing determinant volumes used to establish the rates. Appendix F, Schedule 1, Part B of this Tariff sets forth the conditions under which a quarterly adjustment to the Grid Management Charge may be made.

**8.4.1 Credits and Debits of the Grid Management Charge.**

In addition to the adjustments permitted under Section 11.6.3.3, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator or ~~other appropriate party~~ Other Appropriate Party for any overpayment or underpayment of the Grid Management Charge that the ISO determines occurred due to error, omission, or miscalculation by the ISO or the Scheduling Coordinator or ~~other appropriate party~~ Other Appropriate Party.

**8.5 Operating and Capital Reserves Account.**

Revenues collected to fund ~~the ISO Operating Reserves~~ financial operating reserves shall be deposited in an Operating and Capital Reserves Account until such account reaches a level specified by the ISO Governing Board. If the Operating and Capital Reserves Account is fully funded, surplus ~~revenues~~ funds will ~~may~~ be considered an offset to the revenues ~~Revenue Requirement~~ in the next fiscal year's operating budget.

<p><b><u>Ancillary Services and Real-Time Energy Operations Charge</u></b></p>	<p>The component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing ancillary service and real-time energy related services, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• <u>providing for Ancillary Services and Energy balancing services, including providing for open and non-discriminatory access for market-making activities for participants through auctions;</u></li> <li>• <u>posting of market information;</u></li> <li>• <u>market surveillance and analysis;</u></li> <li>• <u>administering self-provision of ancillary services; and</u></li> <li>• <u>Settlement, billing, and metering related to the above.</u></li> </ul>
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<p><b><u>Congestion Management Charge</u></b></p>	<p>The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process.</p>
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**Grid Management Charge**      The ISO monthly charge on all Scheduling Coordinators and ~~other appropriate parties~~ Other Appropriate Parties that provides for the recovery of the ISO's costs through the three service charges described in Section 8.3: 1) the Control Area Services Charge, 2) the ~~Inter-Zonal Scheduling~~ Congestion Management Charge, and 3) the ~~Market Operations~~ Ancillary Services and Real-Time Energy Operations Charge. The three component charges are formula rates.

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**Inter-Zonal Scheduling Charge**      The component of the ~~Grid Management Charge~~ that provides

for the recovery of the ISO's costs of operating the Congestion Management process.

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**Market Operations Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of market and settlement related services, including, but not limited to:

- Providing open and non-discriminatory access for market making activities for participants through Ancillary Services auctions and provision of Energy balancing services;
- Posting of market information;
- Market surveillance and analysis;
- Settlement, billing, and metering including using information from Day Ahead scheduling, Hour Ahead scheduling, and real time operations, Market Clearing Prices, bid prices, Ex Post Prices, and metered information from Generators, Loads, and inter tie points, ultimately to balance the billing of and payments for energy, capacity, and transmission service in and out of the systems through Scheduling Coordinators. Statements and invoices are sent to Scheduling Coordinators, Participating Transmission Owners, and non SCs (e.g., other Control Areas) to collect and pay for use of the ISO market and Control Area needs.

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<p><b>Other Appropriate Party</b></p>	<p>A party that may be liable for a component of the ISO Grid Management Charge on a basis other than its role, if any, as a Scheduling Coordinator. Such party may include out-of-state or in-state entity that provides real-time power through out-of-market Energy transactions or consumes real-time power through other arrangements over the ISO Controlled Grid; or a governmental or municipally-owned entity with Control Area Gross Load not generally served through, but continuously interconnected with, the ISO Controlled Grid.</p>
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## Schedule 1

### Grid Management Charge

#### **Part A – Monthly Calculation of Grid Management Charge (GMC)**

The Grid Management Charge consists of three separate service charges: the Control Area Services Charge, the ~~Inter-Zonal Scheduling~~ Congestion Management Charge, and the ~~Ancillary Services and Real-Time Energy Operations~~ Market Operations Charge.

1. The rate for the Control Area Services Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Control Area Gross Load and exports, in MWh.
2. The rate for the ~~Inter-Zonal Scheduling~~ Congestion Management Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ~~ETCs~~ flows pursuant to Existing Contracts) per path in MWh.
3. The rate for the ~~Market Operations~~ Ancillary Services and Real-Time Energy Operations Charge will be calculated by dividing the GMC costs allocated to this service charge by the total purchases and sales (including out-of-market transactions) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed) in MWh plus 50% of effective self-provision of ancillary services in MWh.

#### **Part B – Quarterly Adjustment, If Required**

Each component of the Grid Management Charge may change quarterly if the estimated billing determinate volumes for that component, on an annual basis, change by 5% or more during the year. Each year the Grid Management Charge will be recalculated to reflect the following year's budget estimates and to adjust for any difference between the previous year's cost estimates and actual costs incurred, as reflected in Part D of this Schedule, "Information Requirements". The annual ~~informational~~ filing requirement shall not affect the ISO's ability to adjust the Grid Management Charge on a quarterly basis, when warranted.

#### **Part C – Costs Recovered through the GMC**

As provided in Section 8 of the ISO Tariff, the Grid Management Charge includes the following costs:

- Operating costs (as defined in Section 8.2.2)
- Financing costs (as defined in Section 8.2.3), including Start-Up and Development costs and
- Operating and Capital Reserve costs (as defined in Section 8.2.4)

Such costs, for the ISO as a whole, are allocated to the three service charges that comprise the Grid Management Charge: (1) Control Area Services Charge, (2) ~~Inter-Zonal Scheduling~~ Congestion Management Charge, and (3) ~~Market Operations~~ Ancillary Services and Real-Time Energy Operations Charge, using appropriate methodologies, and

adjusted annually for:

- any surplus revenues from the previous year as deposited in the Operating and Capital Reserve Account, as defined under Section 8.5, or deficiency of revenues, as recorded in a memorandum account;

divided by:

- forecasted annual billing determinant volumes in MWh; adjusted quarterly for:
  - a change in the volume estimate used to calculate the individual Grid Management Charge components, if, on an annual basis, the change is 5% or more.

The Grid Management Charge Revenue Requirement Formula is as follows:

Grid Management Charge Revenue Requirement =

- Operating Expenses + Debt Service + ~~the greater of~~ [(Coverage Requirement x Senior Lien Debt Service) and/or (Cash Funded Capital Expenditures)] - Interest Earnings - Other Revenues - Reserve Transfer

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**Part D – Information Requirements**

**Budget Schedule**

The ISO Governing Board shall set forth a budget schedule that shall specify the dates for the budget posting and public workshop events noted below.

**Budget Posting**

The ISO will post on its Internet site the preliminary proposed ISO operating and capital budget to be effective during the subsequent fiscal year, and the projected billing determinant volumes used to develop the rate for each component of the Grid Management Charge.

Subsequent to the website posting, and prior to the Board approval of the budget, the ISO shall hold a public budget workshop where it will provide an overview of and answer questions from stakeholders on the proposed budget, cost allocation, and the charges for each of the ISO's services for the following year.

**Annual Filing**

The ISO will make an ~~informational~~ filing at FERC each year ~~on December 15, or the first business day thereafter, which~~ shall contain cost data on the ISO presented in conformance with the FERC Uniform System of Accounts (USA). This filing shall contain such information as is required to set the GMC unit rate for the following fiscal year, including the criteria used to set the projected billing determinant volumes, and a description of the process used to allocate the ISO's total costs into the revenue requirements for each of the component charges of the GMC. ~~To the extent that any party objects to such unit rate to be established, such party must file a complaint with the FERC under Section 206 of the Federal Power Act.~~

**Periodic Financial reports**

The ISO will create periodic financial reports consisting of an income statement, balance sheet, statement of operating reserves, and such other reports as are required by the ISO Board of Governors. The periodic financial reports will be posted on the ISO's Website not less than quarterly.

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## SABP

### SABP 3.1 Description of Charges to be Settled

The ISO shall, based on the Settlement Quality Meter Data it has received, or, if Settlement Quality Meter Data is not available, based on the best available information or estimate it has received, calculate the following:

- (a) the amount due from each Scheduling Coordinator or ~~other appropriate party~~ Other Appropriate Party for its share for the relevant month of the three components of the Grid Management Charge in accordance with Appendix A. These Charges shall accrue on a monthly basis.
- (b) the amount due from each Scheduling Coordinator for the Grid Operations Charge in accordance with Appendix A. This charge shall accrue on a monthly basis.
- (c) the amount due from and/or owed to each Scheduling Coordinator for the Charge for each Ancillary Service in accordance with Appendix C, for each of the Settlement Periods of Day 0.
- (d) the amount due from and/or owed to each Scheduling Coordinator for Imbalance Energy in accordance with Appendix D, for each of the Settlement Periods of Day 0.
- (e) the amount due from and/or owed to each Scheduling Coordinator for Usage Charges in accordance with Appendix E, for each of the Settlement Periods of Day 0.
- (f) the amount due from each Scheduling Coordinator for Wheeling Out and Wheeling Through Charges and the amount owed to each Participating TO for these charges in accordance with Appendix F, for each of the Settlement Periods of Day 0.
- (g) the amounts due from/to Scheduling Coordinators for Voltage Support (supplemental reactive power charges) for each of the Settlement Periods of Day ~~0-0~~ in accordance with Appendix G.
- (h) the monthly charges due from/to Scheduling Coordinators for long term voltage support provided by Owners of Reliability Must-Run Units in accordance with Appendix G.
- (i) the amounts due from/to Scheduling Coordinators for the provision of Black Start Energy from Reliability Must-Run Units for each of the Settlement Periods of Day ~~0-0~~ in accordance with Appendix G.
- (j) the amounts due from/to Black Start Generators for the provision of Black Start Energy for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (k) the amount due from each UDC or MSS, or from a Scheduling Coordinator delivering Energy for the supply of Gross Load not directly connected to the facilities of a UDC or MSS, for the High Voltage Access Charge and Transition Charge in accordance with operating procedures posted on the ISO Home Page. These charges shall accrue on a monthly basis.
- (l) the amounts due from Scheduling Coordinators for FERC Annual Charges.

All of the data, information, and estimates the ISO uses to calculate these amounts shall be subject to the auditing requirements of Section 10.5 of the ISO Tariff.

The ISO shall calculate these amounts using the software referred to in SABP 2.1 except in cases of system breakdown when it shall apply the procedures set out in SABP 9 (Emergency Procedures).

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**SABP 3.2.1**

**Settlement of Payments to/from Scheduling Coordinators and Participating TOs**

The ISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for each Settlement Period of that Trading Day and shall arrive at a net amount payable for each charge by or to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Preliminary and Final Settlement Statements that the ISO will provide to the relevant Scheduling Coordinator, Black Start Generator or Participating TO as provided in SABP 4.

The three components of the Grid Management Charge will be included in the Preliminary Settlement Statement and Final Settlement Statement with the other types of charges referred to in SABP 3.1, but a separate invoice for the Grid Management Charge, stating the rate, billing determinant volume and total charge for each of its three components, will be issued by the ISO to the Scheduling Coordinator or Other Appropriate Party.

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**SABP 5 INVOICES**

The ISO shall provide on the day specified in the ISO Payments Calendar an invoice in the format set out in SABP Appendix I showing:

- (a) amounts which according to each of the Preliminary and Final Settlement Statements of that Billing Period are to be paid from or to each Scheduling Coordinator, Other Appropriate Party, Black Start Generator or Participating TO;
- (b) the Payment Date, being the date on which such amounts are to be paid or received and the time for such payment; and
- (c) details (including the account number, bank name and Fed-Wire transfer instructions) of the ISO Clearing Account to which any amounts owed by the Scheduling Coordinator, Black Start Generator or Participating TO are to be paid.

A separate invoice for the Grid Management Charge, stating the rate, billing determinant volume and total charge for each of its three components, will be issued by the ISO to the Scheduling Coordinator or Other Appropriate Party.

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**SABP 6.5.3 Distribution of Funds**

In the event that there are funds in the ISO Surplus Account in excess of an amount to be determined by the ISO Governing Board and noticed by the ISO to Market Participants, the amount of such excess will be distributed to Scheduling Coordinators and Other Appropriate Parties using the same method of apportioning the refund as the method employed in apportioning the liability for the Grid Management Charge.

**SABP**

**APPENDIX A**

**GRID MANAGEMENT CHARGE COMPUTATION**

The Grid Management Charge will be calculated in the following manner, with the numerator of each of the equations listed below being determined as a percentage of the total ISO budget, and the denominator (billing determinant volume) for each formula being an estimated annual value:

	=	Costs recovered through the <u>Control Area Services Charge</u> Control Area Gross Load and exports (MWh)	=	RATE in \$/MWh
GMC Costs	=	Costs recovered through the <del>Inter-Zonal Scheduling Charge</del> <u>Congestion Management Charge</u> total Scheduling Coordinators' inter-zonal scheduled flow (excluding <del>ETC</del> flows pursuant to Existing Contracts) per path (MWh)	=	RATE in \$/MWh
	=	Costs recovered through the <del>Market Operations Charge</del> <u>Ancillary Services and Real-Time Energy Operations Charge</u> total purchases and sales Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) (MWh) <u>plus 50% of effective self-provision of Ancillary Services and Real-Time Energy Operations Charge</u>	=	RATE in \$/MWh