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26. Transmission Rates And Charges

26.1 Access Charges

(a) In General. All Market Participants withdrawing Energy from the CAISO Controlled Grid shall pay Access Charges in accordance with this Section 26.1 and Appendix F, Schedule 3, except as provided in Section 4.1 of Appendix I (Station Power Protocol). The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO’s or Approved Project Sponsor’s Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement, as approved by FERC, associated with (1) the transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating TO or (2) transmission facilities that are not yet in operation, but approved under Section 24, and assigned to an Approved Project Sponsor. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue Credits calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6 and 8 of Schedule 3 of Appendix F of the CAISO Tariff.

The Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory, and shall consist, where applicable, of a Regional Access Charge, and a Local Access Charge. The Regional Access Charge and the Local Access Charges shall each comprise two components, which together shall be designed to recover each Participating TO's Regional Transmission Revenue Requirement and Local Transmission Revenue Requirement, as applicable. The Regional Access Charge and the Local Access Charge for the applicable Participating TO shall be paid by each UDC and MSS Operator based on its Gross Load in the PTO Service Territory.

(b) Allocation of Transmission Revenue Requirement. Each Participating TO or Approved Project Sponsor shall provide in its TO Tariff or Approved Project
Sponsor Tariff filing with FERC an appendix to such filing that states the Participating TO’s or Approved Project Sponsor’s Regional Transmission Revenue Requirement, its Local Transmission Revenue Requirement (if applicable) and its Gross Load used in developing the rate. The allocation of each Participating TO’s Transmission Revenue Requirement between the Regional Transmission Revenue Requirement and the Local Transmission Revenue Requirement shall be undertaken in accordance with Section 11 of Schedule 3 of Appendix F. To the extent necessary, each Participating TO shall make conforming changes to its TO Tariff. A Participating TO that is a UDC or MSS Operator to whom the Local Access Charge of a Non-Load-Serving Participating TO is assessed shall include these billed Local Access Charge amounts in its Local TRBA adjustment for its Local Access Charge, together with all other applicable Local TRBA adjustments. If an Approved Project Sponsor that is a Non-Load-Serving Participating TO has been assigned responsibility to construct and own a Local Transmission Facility because the CAISO concluded, pursuant to Section 24.4.10, that it was not reasonable to divide construction responsibility, the Approved Project Sponsor shall include any pre-operational cost recovery approved by FERC for the Local Facility in its Local Transmission Revenue Requirement. The division of the total revenue requirement associated with the facility between Regional and Local Transmission Revenue Requirements shall consistent with Appendix F, Schedule 3, Sections 11 and 12.

(c) Assessment of Regional Access Charge. The Regional Access Charge shall be paid to the CAISO by each UDC and MSS Operator based on its Gross Load connected to a Regional Transmission Facility in a PTO Service Territory, either directly or through intervening distribution facilities, but not through a Local Transmission Facility. The applicable Regional Access Charge shall be assessed by the CAISO as a charge for transmission service under this CAISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and
shall include all applicable components of the Regional Access Charge set forth therein.

(d) Assessment of Local Access Charge of Load-Serving Participating TO. The Local Access Charge for each Load-Serving Participating TO is set forth in that Participating TO's TO Tariff. Each Participating TO shall charge for and collect the Local Access Charge, as provided in its TO Tariff, except that the CAISO shall charge for and collect the Local Access Charge of each Non-Load-Serving Participating TO that qualifies under this Section 26.1 and Appendix F, Schedule 3, Section 13, unless otherwise agreed by the affected Participating TOs. If a Participating TO that is also a UDC, MSS Operator, or Scheduling Coordinator serving End-Use Customers is using the Local Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Local Access Charge of the other Participating TO by such other Participating TO, or by the CAISO pursuant to Section 13 of Schedule 3 of Appendix F. The CAISO shall provide to the applicable Participating TO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that utilizes the Local Transmission Facilities of that Participating TO on a monthly basis. If a UDC or MSS Operator that is serving Gross Load in a PTO Service Territory has Existing Rights to use another Participating TO's Local Transmission Facilities, such entity shall not be charged the Local Access Charge for delivery of Energy to Gross Load for deliveries using the Existing Rights.

(e) Standby Transmission Charges. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

(f) Assessment of Local Access Charge of Non-Load Serving Participating TOs. Where a Non-Load-Serving Participating TO has Local Transmission Facilities, the CAISO shall assess the Local Access Charge for each project of that Non-Load-Serving Participating TO to the UDC or MSS Operator of each Participating

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TO that is directly connected to one or more Local Transmission Facilities of that project, unless otherwise agreed by the affected Participating TOs. The Non-Load-Serving Participating TO shall calculate separately its Local Transmission Revenue Requirement for each individual transmission project that includes one or more Local Transmission Facilities. If the Non-Load-Serving Participating TO’s Local Transmission Facilities projects are directly connected to the facilities of the same Participating TO(s), the Local Access Charge shall be calculated for the group of Local Transmission Facilities. A separate Local Access Charge shall apply based on the Local Transmission Revenue Requirement for the relevant project or projects of such Non-Load-Serving Participating TO divided by the Gross Load of all UDCs or MSS Operators of a Participating TO that are directly connected to the relevant Local Transmission Facility or group of facilities.

A Non-Load-Serving Participating TO must include any over- or under-recovery of its annual Local Transmission Revenue Requirement for the relevant project or group of projects in its Local TRBA adjustment for its Local Access Charge for the relevant project or group of projects pursuant to Section 13.1 of Schedule 3 of Appendix F.

26.1.1 Publicly Owned Electric Utilities Access Charge

Local Publicly Owned Electric Utilities whose transmission facilities are under CAISO Operational Control or who are Approved Project Sponsors shall file with the FERC their proposed Regional Transmission Revenue Requirements, and any proposed changes thereto, under procedures determined by the FERC to be applicable to such filings and shall give notice to the CAISO and to all Scheduling Coordinators of any such filing. A prospective New Participating TO that is a Local Publicly Owned Electric Utility shall submit its first proposed Regional Transmission Revenue Requirement to the FERC and the CAISO at the time the Local Publicly Owned Electric Utility submits its application to become a New Participating TO in accordance with the Transmission Control Agreement. Federal power marketing agencies whose transmission facilities are under
CAISO Operational Control shall develop their Regional Transmission Revenue Requirement pursuant to applicable federal laws and regulations.

The procedures for public participation in a federal power marketing agency’s ratemaking process are posted on the federal power marketing agency’s website. Each federal power marketing agency shall also post on its website the Federal Register notices and FERC orders for rate making processes that impact the federal power marketing agency’s Regional Transmission Revenue Requirement. At the time the federal power marketing agency submits its application to become a New Participating TO in accordance with the Transmission Control Agreement, it shall submit its first proposed Regional Transmission Revenue Requirement to the FERC and the CAISO.

26.1.2 Regional Access Charge Settlement

UDCs and MSS Operators serving Gross Load in a PTO Service Territory shall be charged on a monthly basis, in arrears, the applicable Regional Access Charge. The Regional Access Charge for a billing period is calculated by the CAISO as the product of the applicable Regional Access Charge, and Gross Load connected to the facilities of the UDC and MSS Operator in the PTO Service Territory. The Regional Access Charge are determined in accordance with Schedule 3 of Appendix F. These rates may be adjusted from time to time in accordance with Schedule 3 of Appendix F.

26.1.3 Disbursement Of RAC Revenues

The CAISO shall collect and pay, on a monthly basis, to Participating TOs and Approved Project Sponsors all Regional Access Charge revenues at the same time as other CAISO charges and payments are settled. Regional Access Charge revenues received with respect to the Regional Access Charge shall be distributed to Participating TOs and Approved Project Sponsors in accordance with Appendix F, Schedule 3, Section 10.

26.1.4 Wheeling

Any Scheduling Coordinator or other such entity submitting a Bid or Self-Schedule for a Wheeling transaction shall pay to the CAISO the product of (i) the applicable Wheeling Access Charge, and (ii) the total hourly Schedules and awards of Wheeling in kilowatt-hours for each month at each
Scheduling Point associated with that transaction, except as provided in Section 4.1 of Appendix I (Station Power Protocol). Schedules and awards that include Wheeling transactions shall be subject to any charges resulting from the CAISO Markets in accordance with Section 27.

26.1.4.1 Wheeling Access Charge

The Wheeling Access Charge shall be determined by the transmission ownership or Entitlement, less all Encumbrances, associated with the Scheduling Point at which the Energy exits the CAISO Controlled Grid. The Wheeling Access Charge for Scheduling Points that are not joint facilities shall be equal to the Regional Access Charge in accordance with Schedule 3 of Appendix F plus the applicable Local Access Charge if the Scheduling Point is on a Local Transmission Facility. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996.

26.1.4.2 Wheeling Over Joint Facilities

To the extent that more than one Participating TO owns or has Entitlement to transmission capacity, less all Encumbrances, exiting the CAISO Controlled Grid at a Scheduling Point, the Scheduling Coordinator shall pay the CAISO each month a rate for Wheeling at that Scheduling Point which reflects an average of the Wheeling Access Charge applicable to those Participating TOs, weighted by the relative share of such ownership or Entitlement to transmission capacity, less all Encumbrances, at such Scheduling Point. If the Scheduling Point is located at Regional Transmission Facilities, the Wheeling Access Charge will consist of a Regional Wheeling Access Charge component. Additionally, if the Scheduling Point is located at Local Transmission Facilities, the applicable Local Wheeling Access Charge component will be added to the Wheeling Access Charge. The methodology for developing the weighted average rate for Wheeling at each Scheduling Point is set forth in Appendix F, Schedule 3, Section 14.4.

26.1.4.3 Disbursement of Wheeling Revenues

The CAISO shall collect and pay to Participating TOs and other entities as provided in Section 24.10.3 all Wheeling revenues at the same time as other CAISO charges and payments are settled. For Wheeling revenues associated with CRRs allocated to Load Serving Entities outside
the CAISO Balancing Authority Area, the CAISO shall pay to the Participating TOs and other entities as provided in Section 24.10.3 any excess prepayment amounts within thirty (30) days of the end of the term of the CRR Allocation. The CAISO shall provide to the applicable Participating TO and other entities as provided in Section 24.10.3 a statement of the aggregate amount of Energy delivered to each Scheduling Coordinator using such Participating TO’s Scheduling Point to allow for calculation of Wheeling revenue and auditing of disbursements. Wheeling revenues shall be disbursed by the CAISO based on the following:

26.1.4.3.1 Scheduling Point with All Participating TOs in the Same TAC Area

With respect to revenues received for the payment of Regional Wheeling Access Charges for Wheeling to a Scheduling Point at which all of the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in the same TAC Area, Wheeling revenues shall be disbursed to each such Participating TO based on the ratio of each Participating TO’s Regional Transmission Revenue Requirement to the sum of all such Participating TOs’ Regional Transmission Revenue Requirements. If the Scheduling Point is located at a Local Transmission Facility, revenues received with respect to Local Wheeling Access Charges for Wheeling to that Scheduling Point shall be disbursed to the Participating TOs that own facilities and Entitlements making up the Scheduling Point in proportion to their Local Transmission Revenue Requirements. Additionally, if a Participating TO has a transmission upgrade or addition that was funded by a Project Sponsor, the Wheeling revenue allocated to such Participating TO shall be disbursed as provided in Section 24.10.3.

26.1.4.3.2 Scheduling Point without All Participating TOs in the Same TAC Area

With respect to revenues received for the payment of Wheeling Access Charges for Wheeling to a Scheduling Point at which the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in different TAC Areas, Wheeling revenues shall be disbursed to such Participating TOs as follows. First, the revenues shall be allocated between such TAC Areas in proportion to the ownership and Entitlements of transmission capacity, less all Encumbrances, at the Scheduling Point of the Participating TOs in each such TAC Area. Second, the revenues thus
allocated to each TAC Area shall be disbursed among the Participating TOs in the TAC Area in accordance with Section 26.1.4.3.1.

26.1.4.4 Information Required from Scheduling Coordinators

Scheduling Coordinators for Wheeling Out or Wheeling Through transactions to a Bulk Supply Point, or other point of interconnection between the CAISO Controlled Grid and the transmission system of a Non-Participating TO, that are located within the CAISO Balancing Authority Area, shall provide the CAISO, by eight (8) Business Days after the Trading Day (T+8B), details of such transactions (other than transactions submitted as Self-Schedules pursuant to Existing Contracts) sorted by Bulk Supply Point or point of interconnection for each Settlement Period (including kWh for each transaction). The CAISO shall use such information, which may be subject to review by the CAISO, to settle Wheeling Access Charges and payments. The CAISO shall publish a list of the Bulk Supply Points or interconnection points to which this Section 26.1.4.4 applies together with details of the electronic form and procedure to be used by Scheduling Coordinators to submit the required information on the CAISO Website.

26.1.5 Unbundled Retail Transmission Rates

The Access Charge for unbundled retail transmission service provided to End-Users by a FERC-jurisdictional electric utility Participating TO shall be determined by the FERC and submitted to the CAISO for information only. For a Local Publicly Owned Electric Utility, retail transmission service rates shall be determined by the Local Regulatory Authority and submitted to the CAISO for information only.

26.2 [Not Used]

26.3 Addition Of New Facilities After CAISO Implementation

The costs of transmission facilities placed in service after the CAISO Operations Date shall be recovered consistent with the cost recovery determinations made pursuant to Appendix F, Schedule 3 and Section 24.
26.4 Effect On Tax-Exempt Status

Nothing in this Section 26 shall compel any Participating TO to violate any restrictions applicable to facilities financed with tax-exempt bonds or contractual restrictions and covenants regarding the use of transmission facilities.

26.5 [NOT USED]

26.6 Location Constrained Resource Interconnection Facilities

The costs of an LCRIF shall be includable in a Participating TO’s Regional Transmission Revenue Requirement. Any Participating TO that owns an LCRIF shall set forth in its TO Tariff a charge payable by LCRIGs connected to that facility. The charge shall require each LCRIG to pay on a going forward basis its pro rata share of the Transmission Revenue Requirement associated with the LCRIF, which shall be calculated based on the maximum capacity of the LCRIG relative to the capacity of the LCRIF. Each Participating TO shall credit its Regional TRR with revenues received from LCRIGs with respect to such charges either by recording such revenues in its TRBA or through another mechanism approved by FERC.

26.6.1 LCRIFs That Become Network Facilities

If the construction of a new transmission facility or upgrade causes an LCRIF to become a network facility, then, effective on the in-service date of such new transmission facility or upgrade, the LCRIGs connected to the LCRIF shall not be required to pay charges described in Section 26.6. The LCRIGs shall remain responsible for charges due prior to that date.