

**Tab 3: 12/15/03 MOO Tariff language
not yet effective**

IMPORTANT NOTICE:

The supplementary section for the December 15, 2003, Must-Offer Obligation compliance filing shows, in highlight, proposed changes to Section 5.11.6 related to a mechanism which would allow minimum load energy to be forward scheduled but not double-paid. As the transmittal letter for the compliance filing states, in order to implement this mechanism, “the ISO must significantly modify its settlement systems, activate several hundred Demand ID points, and conduct a market simulation with Market Participants to test the newly activated Demand ID points . . . [g]iven the uncertain date when the project will be completed, the ISO proposes to implement the changes associated with implementation of the forward scheduling requirement to the ISO Tariff, as described above, effective five days after notice from the ISO.” Also, note that the ISO’s request for rehearing of the order requiring this tariff language is pending.

hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) provide sufficient on-line generating capacity to meet operating reserve requirements; and 2) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). The ISO shall inform a Must-Offer Generator that its Waiver request has been accepted, denied, or revoked, and shall provide the Must-Offer Generator with the reason(s) for the decision, which reasons shall be non-discriminatory. The ISO will: (1) notify Must-Offer Generators of the ISO decisions on pending Waiver requests received no later than 6:00 p.m. (beginning of Hour Ending 19) no later than 8:00 p.m. (beginning of Hour Ending 21) on the day before the operating day for which the Waivers are requested; (2) at any time but no later than 8:00 p.m. on the following day, notify Must-Offer Generators of the ISO decisions on Waiver requests that were submitted to the ISO after 6:00 p.m. (beginning of Hour Ending 19) on the day before; (3) end Waiver Denial Periods at any time; and (4) revoke Waivers at any time, while making best attempts to revoke a Waiver at least 90 minutes prior to time a unit would be required to be on-line generating at its Pmin. **The Scheduling Coordinator for a Must-Offer Generator shall submit a Balanced Schedule in which 1) the Demand ID is the Demand ID published on the ISO Home Page for the purpose of scheduling minimum load energy for the zone in which the Must-Offer Generator's generating unit is located and 2) the hourly scheduled MWh equals the minimum load for the generating unit for which the Must-Offer Waiver was denied or revoked. The Scheduling Coordinator for a Must-Offer**

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: December 15, 2003

Effective: Five Days After Notice From the ISO

Generator shall submit such a Balanced Schedule to the ISO for all hours in a Waiver Denial Period in which the generating unit is operating at minimum load. The Demand IDs published on the ISO Home Page for scheduling minimum load energy shall only be used for scheduling minimum load energy. The ISO shall not make any payment for Demand deviations at the Demand IDs used for scheduling minimum load energy.