Master Definitions Supplement

Access Charge	A charge paid by all Market Participants withdrawing Energy from the ISO Controlled Grid, as set forth in Section 7.1. The Access Charge will recover that portion of the Participating TO's Transmission Revenue Requirement not recovered through Transmission Revenue Credits.
Active Zone	Initially, the Zones so identified in Appendix I to the ISO Tariff.
Actual Imbalance	A deviation between scheduled Generation and metered Generation at each UDC/ISO Controlled Grid boundary or at each Participating Generator's delivery point or a deviation between scheduled Load and metered Load at each UDC/ISO Controlled Grid boundary or ISO Control Area boundary.
Adjustment Bid	A bid in the form of a curve defined by (i) the minimum MW output to which a Scheduling Coordinator will permit a resource (Generating Unit or Dispatchable Load) to be redispatched by the ISO; (ii) the maximum

	Transmission Owners in maintaining the reliability and availability of the Transmission Owner's transmission system.
Available Transfer Capacity	For a given transmission path, the capacity rating in MW of the path established consistent with ISO and WSCC transmission capacity rating guidelines, less any reserved uses applicable to the path.
Balanced Schedule	A Schedule shall be deemed balanced when Generation, adjusted for Transmission Losses equals Demand with respect to all entities for which a Scheduling Coordinator schedules.
Balancing Account	An account set up to allow periodic balancing of financial transactions that, in the normal course of business, do not result in a zero balance of cash inflows and outflows.
Base Transmission Revenue Requirements	The Transmission Revenue Requirement adjusted to reflect the Transmission Revenue Balancing Account Adjustment (TRBAA).
BEEP Interval	The time period, which may range between five (5) and thirty (30) minutes, over which the ISO's BEEP Software measures deviations in Generation and Demand, and selects Ancillary Service and Supplemental Energy resources to

provide balancing Energy in response to such deviations. As of the ISO Operations Date, the BEEP Interval shall be ten (10) minutes. The ISO may, by seven (7) days' notice published on the ISO's Home Page, at http://www.caiso.com (or such other internet address as the ISO may publish from time to time), increase or decrease the BEEP Interval within the range of five (5) to thirty (30) minutes.

BEEP Interval Ex Post Prices The prices charged to or paid by Scheduling Coordinators for Instructed Imbalance Energy in each Zone in each BEEP Interval. The prices will vary between Zones if Congestion is present. The BEEP Interval Ex Post Price is equal to the bid price of the marginal resource accepted by the ISO for Dispatch and deemed eligible by the ISO to set the price during the BEEP Interval. For each BEEP Interval: the BEEP Interval Ex Post Price for incremental Energy will equal the highest price bid selected by the BEEP software; and the BEEP Interval Ex Post Price for decremental Energy will equal the lowest price bid selected by the BEEP software.

BEEP Software	The balancing energy and ex post pricing software which is used by the ISO to determine which Ancillary Service and Supplemental Energy resources to Dispatch and to calculate the Ex Post Prices.
Black Start	The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.

Black Start Generator	A Participating Generator in its capacity as party to an Interim Black Start Agreement with the ISO for the provision of Black Start services, but shall exclude Participating Generators in their capacity as providers of Black Start services under their Reliability Must-Run Contracts
Bulk Supply Point	A UDC metering point.
Business Day	A day on which banks are open to conduct general banking business in California.
C.F.R.	Code of Federal Regulations.
Conditional Energy Bids	A Bid for Energy to serve Demand at or below a specified price.
Congestion	A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.
Congestion Management	The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.

Eligible Regulatory Must-Run Generation	Regulatory Must-Run Generation which (i) has been approved as Regulatory Must-Run Generation by a Local Regulatory Authority within California, and (ii) is owned or produced by a Participating TO or UDC which has provided direct access to its End-Use Customers and serves load in the ISO Control Area.
Emergency Startup	A startup order from the ISO delivered to a Generator in response to a System Emergency.
EMS (Energy Management System)	A computer control system used by electric utility dispatchers to monitor the real time performance of the various elements of an electric system and to control Generation and transmission facilities.
Encumbrance	A legal restriction or covenant binding on a Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take

	another party to connect or disconnect electric equipment interconnected to the ISO Controlled Grid.
Ex Post Prices	The Hourly Ex Post Price or the BEEP Interval Ex Post Prices.
Existing Contracts	The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
Existing Operating Agreement	The agreement between the ISO and an Existing Operating Entity entered into prior to the ISO Operations Date relating to the operation of a subsystem of that Existing Operating Entity.
Existing Operating Entity	The entity which owns and operates a MSS (Metered Subsystem).
Existing Rights	Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.
Facilities Study Agreement	An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market

	the maximum amount of requirements and bundled power sale capacity purchased by the participating TO from the transmission owner to which it is physically interconnected during the hour in which the Monthly Peak Load of the Participating TO occurs.
Final Day-Ahead Schedule	The Day-Ahead Schedule which has been approved as feasible and consistent with all other Schedules by the ISO based upon the ISO's Day-Ahead Congestion Management procedures.
Final Hour-Ahead Schedule	The Hour-Ahead Schedule of Generation and Demand that has been approved by the ISO as feasible and consistent with all other Schedules based on the ISO's Hour-Ahead Congestion Management procedures.
Final Schedule	A Schedule developed by the ISO following receipt of a Revised Schedule from a Scheduling Coordinator.
Final Settlement Statement	The restatement or recalculation of the Preliminary Settlement Statement by the ISO following the issue of that Preliminary Settlement Statement.
Five Minute Ex Post Price	The price charged or paid to Scheduling Coordinators responsible for Participating Generators, System Resources or Participating Buyers for Imbalance Energy

	in each Zone. The price will vary between Zones if Congestion is present. This five minute price is equal to the bid price of the marginal resource accepted by the ISO for dispatch and deemed eligible under the ISO Tariff to set the price during a five minute period.
Flexible Generation	Generation that is capable of, and for which the Generator has agreed to, adjust operating levels in response to real time market price or ISO control signals.
Forced Outage	An Outage for which sufficient notice cannot be given to allow the Outage to be factored into the Day-Ahead Market or Hour-Ahead Market scheduling processes.
FPA	Parts II and III of the Federal Power Act, 16 U.S.C. § 824 et seq., as they may be amended from time to time.
FTR (Firm Transmission Right)	A contractual right, subject to the terms and conditions of the ISO Tariff, that entitles the FTR Holder to receive, for each hour of the term of the FTR, a portion of the Usage Charges received by the ISO for transportation of energy from a specific originating

	Participating Buyers for Imbalance Energy in each Zone. The price will vary between Zones if Congestion is present. The Hourly Ex Post Price is the Energy weighted average of the BEEP Interval Ex Post Prices in each Zone during each Settlement Period.
Hydro Spill Generation	Hydro-electric Generation in existence prior to the ISO Operations Date that: i) has no storage capacity and that, if backed down, would spill; ii) has exceeded its storage capacity and is spilling even though the generators are at full output, or iii) has inadequate storage capacity to prevent loss of hydro-electric Energy either immediately or during the forecast period, if hydro-electric Generation is reduced; iv) has increased regulated water output to avoid an impending spill.
Identification Code	An identification number assigned to each Scheduling Coordinator by the ISO.
Imbalance Energy	Imbalance Energy is Energy from Regulation, Spinning and Non-spinning Reserves, or Replacement Reserve, or Energy from other Generating Units, System Units, System Resources, or Loads that are able to respond to the ISO's request for more or less Energy.

In-Kind Self Provision:	A Scheduling Coordinator's provision of any portion of its Ancillary Services allocation to the ISO from specified individual resources.
Inactive Zone	All Zones which the ISO Governing Board has determined do not have a workably competitive Generation market and as initially set out in Appendix I to the ISO Tariff.
Instructed Imbalance Energy	The real time change in Generation output or Demand (from dispatchable Generating Units or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other Generating Units that are able to respond to the ISO's request for more or less Energy.
Inter-Scheduling Coordinator Trades	Energy transactions between Scheduling Coordinators .
Inter-Zonal Congestion	Congestion across an Inter-Zonal Interface.

Inter-Zonal Interface	The (i) group of transmission paths between two adjacent Zones of the ISO Controlled Grid, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; (ii) the group of transmission paths between an ISO Zone and an adjacent Scheduling Point, for which a physical, non-simultaneous transmission capacity rating (the rating of the interface) has been established or will be established prior to the use of the interface for Congestion Management; or (iii) the group of transmission paths between two adjacent Scheduling Points, where the group of paths has an established transfer capability and established transmission rights.

Interconnection	Transmission facilities, other than additions or replacements to existing facilities that: i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the ISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; or ii) are identified as radial transmission lines pursuant to contract; or iii) produce Generation at a single point on the ISO Controlled Grid; provided that such interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the ISO's Operational Control of the Participating TO's portion of the ISO Controlled Grid.
Interconnection Agreement	A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to

	(ii) Must-Take Generation, (iii) units scheduled to ramp at their maximum ramp rate throughout the hour, or (iv) units operating at minimum operating levels (when less costly Generation must be backed down).
Marginal Loss Factor	The marginal impact of a given Generating Unit's output on total system Transmission Losses.
Market Clearing Price	The price in a market at which supply equals Demand. All Demand prepared to pay at least this price has been satisfied and all supply prepared to operate at or below this price has been purchased.
Market Participant	An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the ISO Controlled Grid.
Master File	A file containing information regarding Generating Units, Loads and other resources.
Meter Data	Energy usage data collected by a metering device or as

	Services through a Scheduling Coordinator over the ISO Controlled Grid and which has undertaken to be bound by the terms of the ISO Tariff.
Participating TO	A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA.
Payment Date	The date by which invoiced amounts are to be paid under the terms of the ISO Tariff.
PBR (Performance-Based Ratemaking)	Regulated rates based in whole or in part on the achievement of specified performance objectives.
Physical Scheduling Plant	A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: i) multiple generating components are related by a common flow of fuel which cannot be interrupted without a substantial loss of efficiency of the combined output of all components; ii) the Energy production from one component

	ISO Day-Ahead scheduling process.
Preferred Hour-Ahead Schedule	A Scheduling Coordinator's Preferred Schedule for the ISO Hour-Ahead scheduling process.
Preferred Schedule	The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.
Preliminary Settlement Statement	The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.

Project Sponsor	A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.
PX (Power Exchange)	The California Power Exchange Corporation, a state chartered, nonprofit corporation charged with providing a Day-Ahead forward market for Energy in accordance with the PX Tariff. The PX is a Scheduling Coordinator

and is independent of both the ISO and all other Market Participants.

PX Auction Activity Rules The rules by which bids submitted to and validated by the PX may be modified or withdrawn during a PX Energy market auction.

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PX Participant	An entity that is authorized to buy or sell Energy or Ancillary Services through the PX, and any agent authorized to act on behalf of such entity.
PX Protocols	The rules, protocols, procedures and standards attached to the PX Tariff as Appendix E, promulgated by the PX (as amended from time to time) to be complied with by the PX and Market Participants in relation to operation and participation in the PX Markets.

PX Tariff	The California Power Exchange Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.
Ramping	Changing the loading level of a Generating Unit in a constant manner over a fixed time (e.g., ramping up or ramping down). Such changes may be directed by a computer or manual control.
RAS (Remedial Action Schemes)	Protective systems that typically utilize a combination of conventional protective relays, computer-based

	Monthly Peak Load.
Self-Sufficiency Test Period	For the initial Self-Sufficiency determination for a Participating TO, the Self-Sufficiency Test Period shall be the twelve-month period ending December 31, 1996. The Self-Sufficiency Test Period for a Participating TO undergoing a new Self-Sufficiency determination as a result of the termination or modification of an Existing Contract as referred in Section 7.1.3.2 of the ISO Tariff shall be the twelve-month period ending in the month prior to the month that the Existing Contract was terminated or modified.
Service Area	An area in which, as of December 20, 1995, an IOU or a Local Publicly Owned Electric Utility was obligated to provide electric service to End-Use Customers.
Set Point	Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.
Settlement	Process of financial settlement for products and services purchased and sold undertaken by the ISO under Section 11 of the ISO Tariff. Each Settlement will involve a price and a quantity.

Settlement Account	An Account held at a bank situated in California, designated by a Scheduling Coordinator or a Participating TO pursuant to the Scheduling Coordinator's SC Agreement or in the case of a Participating TO, Section 2.2.1 of the TCA, to which the ISO shall pay amounts owing to the Scheduling Coordinator or the Participating TO under the ISO Tariff.
Settlement Period	For all ISO transactions the period beginning at the start of the hour, and ending at the end of the hour. There are twenty-four Settlement Periods in each Trading Day, with the exception of a Trading Day in which there is a change to or from daylight savings time.
Settlement Quality Meter Data	Meter Data gathered, edited, validated, and stored in a settlement-ready format, for Settlement and auditing purposes.
Settlement Statement	Either or both of a Preliminary Settlement Statement or Final Settlement Statement.
Settlement Statement Re-run	The re-calculation of a Settlement Statement in accordance with the provisions of the ISO Tariff including any protocol of the ISO.

	Losses, Load, and trades between Scheduling Coordinators to resolve Inter-Zonal Congestion.
Supplemental Energy	Energy from Generating Units and other resources which have uncommitted capacity following finalization of the Hour-Ahead Schedules and for which Scheduling Coordinators have submitted bids to the ISO at least half an hour before the commencement of the Settlement Period.
Supply	The rate at which Energy is delivered to the ISO Controlled Grid measured in units of watts or standard multiples thereof, e.g., 1,000W=1 KW; 1,000 KW = 1MW, etc.
Supply Market Participant	Any Generator on behalf of whom Generation and Ancillary Services are scheduled pursuant to the ISO Tariff.
System Emergency	Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of

	at the ISO/UDC boundary or Control Area boundary.
Transmission Revenue Credit	The proceeds received by the Participating TO from the ISO for Wheeling service and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights or Non-Converted Rights and the ISO's rules and protocols.
TRBA (Transmission Revenue Balancing Account)	A mechanism to be established by each Participating TO which will ensure that all Transmission Revenue Credits flow through to its transmission customers.
TRR (Transmission Revenue Requirement)	The TRR is the total annual authorized revenues associated with transmission facilities turned over to the Operational Control of the ISO by a Participating TO, and for which FERC jurisdictional entities are permitted to include in their Access Charges for recovery from customers, or in the case of non-FERC jurisdiction entities, the equivalent revenue amount authorized by the appropriate jurisdictional regulatory authority.
Trustee	The trustee of the California Independent System Operator trust established by order of the California Public Utilities Commission on August 2, 1996 Decision No. 96-08-038

	Load profile errors, and distribution loss deviations.
Uncontrollable Force	Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.
Uninstructed Imbalance Energy	The real time change in Generation or Demand other than that instructed by the ISO or which the ISO Tariff provides will be paid at such price.
Unit Commitment	The process of determining which Generating Units will be committed (started) to meet Demand and provide Ancillary Services in the near future (e.g., the next Trading Day).
Usage Charge	The amount of money, per 1 kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific congested Inter-Zonal Interface during a given hour.

Voltage Limits

For all substation busses, the normal and post-contingency Voltage Limits (kV). The bandwidth for normal Voltage Limits must fall within the bandwidth of the post-contingency Voltage Limits. Special voltage limitations for abnormal operating conditions such as

of competitive bids or self-provided Ancillary Service schedules, send to the Scheduling Coordinator who submitted the schedule or bid the following information:

(a) acknowledgment of receipt of the competitive bid or self-provided Ancillary Service schedule;

(b) notification that the bid or schedule has been accepted or reject for non-compliance with the rules specified in this Appendix. If a bid or schedule is rejected, such notification shall contain an explanation of why the bid or schedule was not accepted;

(c) a copy of the bid or schedule as processed by the ISO.

In response to an invalid schedule or bid, the Scheduling Coordinator shall be given a period of time to respond to the notification. The Scheduling Coordinator shall respond by resubmitting a corrected schedule or bid. If the Scheduling Coordinator does not respond to the notification within the required time frame, the ISO shall proceed without that Scheduling Coordinator's bid or schedule.

5. Treatment of Missing Values.

5.1 Missing Location Values. Any bid submitted without a Location Code shall be deemed to have a zero bid quantity for that Settlement Period.

5.2 Missing Quantity Values. Any bid submitted without a quantity value shall be deemed to have a zero bid quantity for Ancillary Service capacity for that Settlement Period.

5.3 Missing Price Values. Any bid submitted with non-zero quantity value, but with a missing price value, shall be rejected.

6. Treatment of Equal Price Bids. The ISO shall allow these Scheduling Coordinators to resubmit, at their own discretion, their bid no later than 2 hours the same day the original bid was submitted. In the event identical prices still exist following resubmission of bids, the ISO shall determine the merit order for each Ancillary Service by considering applicable constraint information for each Generating Unit, Load or other resource, and optimize overall costs for the Trading Day. If equal bids still remain, the ISO shall proportion participation in the Final Day Ahead or Hour Ahead Schedule (as the case may be) amongst the bidding Generating Units, Loads and resources with identical bids to the extent permitted by operating constraints and in a manner deemed appropriate by the ISO.

7. Receipt of Bids and Schedules. The ISO shall maintain an audit trail relating to the receipt of bids and schedules and the processing of those bids and schedules.