

TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W
A LIMITED LIABILITY PARTNERSHIP

401 9TH STREET, N.W. - SUITE 1000
WASHINGTON, D.C. 20004-2134
www.troutmansanders.com
TELEPHONE: 202-274-2950

David Rubin
david.rubin@troutmansanders.com

Direct Dial: 202-274-2964
Fax: 202-654-5636

April 18, 2005

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20426

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FEDERAL ENERGY
REGULATORY COMMISSION

**Re: California Independent System Operator Corporation
Docket No. ER05-____-000
Amendment No. 68 to the ISO Tariff**

Duke Energy Moss Landing LLC

v.

**California Independent System Operator Corporation
Docket No. EL04-130**

[Not Consolidated]

Dear Secretary Salas:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. ¶ 824d, Sections 35.11 and 35.13 of the Federal Energy Regulatory Commission's (the "Commission") Rules and Regulations, 18 C.F.R. §§ 35.11 and 35.13, and the Commission's November 19, 2004 Order in Docket No. EL04-130, 109 FERC ¶ 61,170 (the "November 19th Order"), the California Independent System Operator ("ISO")¹ respectfully submits for filing an original and six copies of an amendment ("Amendment No.68") to the ISO Tariff. As described below, Amendment No. 68 relates to the self-supply of Station Power, either remotely or

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A, as filed August 15, 1997, and subsequently revised.

on-site, by Generating Units operating under the ISO Tariff. In addition, this filing is meant to bring the ISO's metering and settlement tariff requirements relative to the self-supply of Station Power into line with the Commission's current decisions concerning other regional transmission providers.

As discussed in greater detail in Section IV below, the ISO respectfully requests that the Commission make these tariff revisions effective in early 2006, upon ISO notice that the necessary systems and processes are ready and in place. While the ISO recognizes the need to implement the program at the earliest possible date and recognizes that implementation of a Station Power program is important to a number of stakeholders, the ISO is in the process of replacing its settlement system. Earlier implementation of the proposed terms of the Station Power program would increase the cost of the Station Power program, because it would require the ISO to develop two separate packages of software and process changes – one to operate on the existing system with its limited useful life, and another for the new platform. In recognition of the associated cost and inefficiency, the ISO is seeking to minimize the number of changes that must be made on both systems. The ISO has limited resources with which to make the ordered changes and making them in the most efficient manner in terms of the use of ISO resources is extremely important

I. BACKGROUND

On September 1, 2004, Duke Energy Moss Landing LLC ("Duke") filed a complaint under Section 206 of the FPA against the ISO asking that the Commission order that certain of the ISO Tariff provisions covering the netting of generation and Station Power loads be modified such that a generator could "self supply" all, or some part of their Station Power requirements from their own generation and that the netting interval be 30 days. The ISO responded to the complaint with an answer² that recognized the ISO Tariff was not in accord with the Commission's Station Power decisions in recent orders,³ but stated that the ISO would need time to work with stakeholders to develop an appropriate proposal with respect to the self-supply of Station Power for the ISO Market.⁴

² The ISO's answer was filed on September 22, 2004.

³ Three of those orders covering the self-supply of Station Power are: Midwest Independent Transmission System Operator, Inc. 106 FERC ¶ 61,073 (2004), KeySpan-Ravenswood, Inc. v. New York Independent System Operator Inc. 101 FERC ¶ 61,230 (2002), rehearing denied, 107 FERC ¶ 61,142 (2004), later clarified, 108 FERC ¶ 61,164, (2004) and PJM Interconnection, LLC, 95 FERC ¶ 61,470, the latest in a series of three orders on the self supply of Station Power in the PJM market.

⁴ Pleadings in support of the Duke complaint were filed by Calpine Corporation ("Calpine"), Northern California Power Agency ("NCPA"), Constellation Generation Group ("CGG") and the California Electricity Oversight Board ("CEOB"). In addition, two entities opposed the complaint and the relief requested. They were: Southern California Edison Company ("SCE") and Pacific Gas and Electric Company ("PG&E"). The Cogeneration Association of America ("CAC"), the California Public Utilities Commission ("CPUC"), Mirant Corporation ("Mirant"), and West Coast

In the November 19 Order, the Commission generally granted the Duke complaint and required that the ISO file an amendment to the ISO Tariff within 120 days of the date of the order to conform with the Commission's current self provision policies on Station Power following the conclusion of an appropriate stakeholder process.⁵

II. THE STAKEHOLDER PROCESS

In accordance with the November 19th Order,⁶ the ISO initiated a stakeholder process to see that all parties had an opportunity to contribute to the ISO's Station Power proposal and to make certain that any California-specific issues were considered. The first step in this process was the drafting and distribution of a Discussion Paper on the topic of the self-supply of Station Power. This paper was distributed to Market Participants on December 27, 2004, and served as the basis for the discussion of the topic during a teleconference on January 5, 2005. Many of the significant Market Participants who buy and sell energy in the ISO Market participated in the call including PG&E, San Diego Gas & Electric Company, SCE, Duke, Mirant and others. In addition, regulatory authorities including the CPUC and CEGB also participated.

The ISO asked that written comments and proposals as to the most appropriate methodology for instituting the self-supply of Station Power be provided to it on, or before, January 12, 2005. Eight Market Participants offered written comments on the discussion paper. Using the written comments from the stakeholders as well as the verbal comments provided at the January 5th teleconference, the ISO issued its draft proposal for the self-supply of Station Power on January 21, 2005.

On February 3, 2005, the ISO held another conference call with Market Participants during which several entities expressed significant interest in additional information, including one-line diagrams and numeric examples, to better illustrate how the ISO's proposal would operate. Additionally, the ISO corrected certain principles that were contained in the January 21 proposal.

On February 4, 2005, the ISO issued a revised proposal, modifying and supplementing the January 21 document. The second round of comments, which were posted on the ISO's website for review by all interested parties were

Power LLC ("West Coast") intervened taking no position on the merits. On October 7, 2004, Duke filed an answer to the earlier answers in opposition to the complaint.

⁵ On March 1, 2005, the ISO requested an extension of 30 days to make its compliance filing, which the Commission granted on March 4, 2005. With the extension, the ISO's compliance filing is due April 18, 2005.

⁶ 109 FERC ¶ 61,170 P 119.

received on February 11, 2005. Additional milestones in the stakeholder process were as follows:

ISO published Status Report and Update	February 25, 2005
Conference call to discuss status and schedule	February 28, 2005
Conference call to discuss details of proposal	March 3, 2005
ISO publishes detailed example and spreadsheet	March 9, 2005
ISO posts draft tariff language	March 11, 2005
Conference call to discuss draft tariff language	March 16, 2005
ISO posts revised draft tariff language	March 17, 2005
Comments on tariff language due	March 18, 2005
ISO posts Board materials	March 25, 2005 ⁷

The ISO's Board of Governors approved the filing of the Station Power proposal at its meeting to on March 31, 2005.

III. DISCUSSION

A. Summary of Changes

The ISO's Station Power rules are based on the Commission's prior decisions regarding this issue in cases involving other regional transmission providers. Accordingly, the ISO has adopted the following policies consistent with this precedent:

1. The ISO will permit on-site self-supply of Station Power requirements. In addition, the ISO will permit remote supply from facilities owned by the same entity. Remote third-party supply will only be permitted to the extent such retail service is permissible under state law.
2. Monthly data will be used as the basis for determination of net output to determine if the facility has properly met its self-supply obligation.
3. Transmission charges will apply only to the extent that the Station Power is supplied from remote sources.

Provisions implementing these policies are embodied in a new Station Power Protocol, the addition of several definitions to Appendix A of the ISO

⁷ A Copy of the Governing Board informational materials is provided as Attachment A. Additional materials pertaining to the stakeholder process are posted on the ISO Website at: <http://www.caiso.com/docs/2004/12/22/2004122214392120932.html>.

Tariff, and several conforming changes to the ISO Tariff. These provisions are discussed in greater detail in the next section.

B. Description of the ISO's Proposal

1. Eligibility

The ISO proposes to extend the opportunity to self-supply Station Power service to all parties, including "non-merchant generators." The terms for self-supplying Station Power would be available to any Generating Unit that is subject to the ISO Tariff. Thus, the Generating Unit must be subject to a PGA, QF PGA, or MSS Agreement. The ISO proposes that a Qualifying Facility ("QF") that enters into a QF PGA be treated the same as any other Participating Generator with regard to its ability to "self-supply" its Station Power load. Whether or not a QF that continues to operate under the terms of a PGA could voluntarily and concurrently enter into a QF PGA in order to sell "excess" power in ISO Markets and take advantage of this initiative depends on the terms of the existing power purchase agreement. In other words, The Station Power proposal would not extend to a QF without a PGA that delivers all net output according to the terms of a pre-existing power purchase agreement (PPA). In other words, the Station Power proposal would not extend to a QF that is not subject to the terms of the ISO Tariff by the fact that the QF is operating solely under the terms of a pre-existing PPA.⁸

Station Power may be self-supplied by a single corporate entity or joint powers agency or other legal entity organized under the laws of the State of California, but such self-supply may only be provided to and from facilities owned solely by that entity (i.e., Station Power may not be self-supplied among affiliates, among members of a joint powers agency, or among other affiliated but legally distinct entities).⁹ In addition, SPP 1.2.2 provides:

If an entity owns a portion of a jointly owned Generating Unit, such ownership share may be included in a Station Power Portfolio up to

⁸ Nothing in the ISO proposal would diminish any existing rights of a QF or other Generating Unit owner. Any QF that has the right to net schedule Generation and on-site load would have no additional obligations or metering requirements, unless it elects to self-supply Station Power, and meets the associated ownership, contractual and metering requirements.

⁹ The Commission has found that entities may remotely self-provide Station Power from another generator "owned by the same company." *PJM Interconnection*, 94 FERC at 61,890. The remote unit cannot be owned by an affiliate. *PJM Interconnection*, 95 FERC at 62,190. However, an entity can remotely self-supply from a jointly owned unit up to the amount of its entitlement if it has the right to call on the Energy for its own use. *Rumford Power Associates, LP*, 97 FERC ¶ 61,173 at 61,813 (2001).

the amount of the associated entitlement to Energy from the jointly-owned Generating Unit provided that: (i) the entity has the right to call upon that Energy for its own use; and (ii) the Energy entitlement is not characterized as a sale from the jointly owned Generating Unit to any of its joint owners.

2. Sources of Station Power

Consistent with Commission precedent, the ISO recognizes three potential ways of meeting Station Power requirements: (1) on-site self-supply, (2) remote self-supply, and (3) third-party supply. *PJM Interconnection, LLC et. al.*, 95 FERC ¶ 61,333 at p. 62,182 (2001).

The ISO understands that the Commission has determined that self-supply of Station Power, even from a remote source owned by the same entity, is not a sale for end use. See for example, *AES Somerset v. Niagara Mohawk Power Corporation*, 110 FERC ¶ 61,032 at P 28 (2005). While certain entities expressed concern with this holding in their comments,¹⁰ the ISO recognizes that any such challenges are properly the subject of other judicial proceedings.

Third-Party supply, however, is a sale for end-use. *PJM Interconnection, LLC*, 94 FERC ¶ 61251 at pp. 61,889-91 (2001). Accordingly, SPP 1.2 recognizes that third-party supply of Station Power must be consistent with the applicable rules and regulations governing such retail service.

3. Application Process

Generating Units wishing to participate in the Station Power program shall complete the application form that will be specified on the ISO's website. The ISO shall post on its website a list of all facilities participating in the Station Power program and eligible for the monthly netting.

An important objective of the application process is to assure that each metering arrangement for Station Power service is clear and unambiguous, and that a process for coordinating with the owner, the owner's Scheduling Coordinator, the CPUC and the responsible Utility Distribution Company ("UDC") is established in advance so that there is no confusion about how Station Power and other loads within the perimeter of a Generating Unit are metered and reported. The application process, outlined in SP 2.1 and 2.2, will include the following requirements:

¹⁰ See for example, comments of the CPUC dated February 11, 2005 at page 2 ("[i]f the CAISO Controlled Grid and/or the investor owned utilities' distribution systems are used to provide Station Power then the CPUC has jurisdiction over the service", available at <http://www.caiso.com/docs/09003a6080/34/c7/09003a608034c73c.pdf>)

- 1) The owner-applicant must identify and provide one-line diagrams of all Generating Units and Station Power meters for the "portfolio" over which Station Power is proposed to be self-supplied.
- 2) The owner-applicant must be the sole owner of the Generating Units, or must be able to demonstrate the right to call on Energy for its own use for jointly-owned units.
- 3) Each Station Power meter must be certified in accordance with the ISO Tariff, and all end uses served must meet the definition of Station Power. All load served by each Station Power meter must be consistent with the definition of Station Power, and any ineligible load must have appropriate retail metering in place.¹¹ Under no circumstances may ineligible loads be served through a Station Power meter.
- 4) Each Station Power meter must be subject to a Meter Service Agreement for ISO Metered Entities.
- 5) Any costs associated with required metering or telemetry are the responsibility of the owner-applicant.
- 6) A single Scheduling Coordinator must be assigned to both the On-Site Self-Supply and Remote Self-Supply Load IDs associated with each Station Power meter.
- 7) Each Generating Unit must be bound to the ISO Tariff by a PGA, QF PGA, or MSS Agreement.
- 8) The owner-applicant must indicate its expected reliance on On-Site Self-Supply and Remote Self-Supply to assist the ISO in establishing Station Power Load IDs.
- 9) The owner-applicant must have arranged terms of service with the responsible UDC for the use of any distribution facilities required to self-supply Station Power.
- 10) A single Scheduling Coordinator must represent each Station Power meter.

The ISO will review applications and take the following actions.

¹¹ Separate metering will not be required if the values of two or more meters can be netted to properly record and report loads that are ineligible for Station Power service.

- 1) The ISO will provide the appropriate UDC and the CPUC with one-line diagrams and information regarding the owner-applicant.¹²
- 2) The ISO will verify metering schemes and assign Load IDs to the responsible Scheduling Coordinators.

The ISO will make a determination in consultation with the UDC and CPUC on the factual question of whether distribution facilities are involved.

4. Applicable Netting Period

In the November 19 Order, the Commission did not require a monthly netting interval but stated it “would require a strong justification for proposing a different netting interval. November 19 Order at P 23. In this filing, the ISO proposes that the netting period be a calendar month. This period is consistent with the Commission’s prior authorizations:

The NYISO authorizes netting over a monthly interval, as do both PJM and the Midwest ISO. Netting over a month is reasonable, we have found, and we have accepted tariffs for all three ISOs that provide for monthly netting.

Niagara Mohawk Power Corporation vs. Huntley Power LLC, et al, 109 FERC ¶ 61,169 at P 39 (2004). See also, *AES Somerset, LLC v. Niagara Mohawk Power Corporation*, 110 FERC ¶ 61,032 at PP 63-64, 71-72 (2005).

Certain parties have argued for a shorter period. SCE suggests that the rationale the Commission used in establishing its precedent may not apply to California.¹³ While the ISO would not necessarily oppose those arguments, they do not appear to provide a sufficient basis for the ISO to diverge from the clear Commission precedent with respect to the netting period.

The ISO believes that some duration longer than a single Settlement Interval is necessary to be consistent with Commission policy. Each of the other ISOs uses a one-month netting period, and the Commission indicated that “strong justification” of an alternate netting period would be necessary.

¹² SCE’s February 11, 2005 comments provide several reasons why the applications should be public, or at least accessible to the CPUC and the PTO (pages 2 and 3). For example, SCE claims a tax liability may be incurred by the PTOs due to Remote Self-Supply due to an IRS Notice that requires title to any energy generated to pass to another entity before it enters the PTO’s system. The SCE comments are available at: <http://www.aiso.com/docs/09003a6080/34/c7/09003a608034c73f.pdf>.

¹³ SCE February 11 comments at pages 2 and 3.

Stakeholders supporting a netting period longer than 15 minutes generally agreed that a monthly netting period is appropriate.¹⁴

5. Scheduling and Charges

a. Scheduling

Any Station Power service represented by contemporaneous, on-site Generation that is presently treated as “permitted netting” under Sections 2.2.4.3 of the Metering Protocol of the ISO Tariff need not be scheduled. However, any Station Power that is not served by contemporaneous, on-site Generation is to be scheduled, and meter data must be collected by the ISO.

If the load associated with a Station Power meter is intended to be self-supplied only by On-Site Self-Supply, then two load IDs will be associated with the meter. The default load ID for each meter is the “On-Site Self-Supply Load ID”, which would be assigned to the portfolio owner’s Scheduling Coordinator.¹⁵ During hours in which Station Power load is not netted using on-site contemporaneous Generation under the ISO’s existing policy for permitted netting, the portfolio owner’s Scheduling Coordinator will use the On-Site Self-Supply Load ID to schedule the Station Power load. Any load that is not contemporaneously netted will be associated with this Load ID, unless some portion is reassigned to one of the other Load IDs at the end of the Netting Period, as described below.

The second Load ID that will be assigned to each Station Power meter is the “Third Party Supply Load ID”, which will be associated with the Scheduling Coordinator of the UDC responsible for retail service. This Load ID will be used by the ISO after the Netting Period to identify Station Power load for which the portfolio owner failed to self-supply Station Power. No meter data will be reported under the Third Party Supply Load ID until a determination is made at the end of the Netting Period about whether or not the Generation in the Station Power Portfolio was sufficient to self-supply the Station Power load in the Station Power Portfolio. If Station Power load exceeds the available Generation, then the ISO will shift a portion of reported load to the Third Party Supply Load ID.¹⁶

¹⁴ See for example the February 11, 2005 comments of PG&E at page 1 (“PG&E agrees that the netting period should be no longer than a calendar month”); the January 17, 2005 comments of the Independent Energy Producer’s Association at page 4 (“[t]he monthly netting period promotes the reliable and efficient operation of the wholesale bulk power market.”), Calpine’s January 12 Comments at page 2 and the Northern California Power Agency’s January 12, 2005 comments at page 6.

¹⁵ It is at least theoretically possible that a particular meter for eligible Station Power load in an Station Power Portfolio would require use of the ISO Controlled Grid to be self-supplied, in which case the Remote Self Supply Load ID would be the default Load ID.

¹⁶ For an example of the method for attributing Third Party Supply to units and intervals, see Appendix 3 of Attachment A.

The ISO proposes that the UDC's Scheduling Coordinator not schedule any load using the Third Party Supply Load ID.¹⁷

If there are one or more Generating Units in the Station Power Portfolio that could remotely self-supply load served by a Station Power meter, then a "Remote Self-Supply Load ID" will also be specified for that meter. The Remote Self-Supply Load ID will facilitate settlement of transmission charges, and will be associated with the portfolio owner's Scheduling Coordinator.¹⁸ The portfolio owner's Scheduling Coordinator will not be allowed to schedule using the Remote Self-Supply Load ID, but will exclusively schedule any Load using the On-Site Self-Supply Load ID.

All meter data when initially polled by the ISO will be recorded under the On-Site Self-Supply Load ID. At the end of the month (or other Netting Period ordered by FERC) the ISO will determine what portion of the metered Station Power load in each 5-minute metering interval was served by Remote Self-Supply or Third Party Supply, and will reassign load from the On-Site Self-Supply Load ID to the Remote Self-Supply Load ID or Third Party Supply Load ID accordingly.

b. Transmission Charges

The Commission has found that entities remotely self-providing Station Power, must make appropriate arrangements for transmission or distribution service. *PJM Interconnection*, 95 FERC at p. 62,186. Consistent with this precedent, SPP 2 requires that, when a Generating Unit remotely self-supplies Station Power, the Generating Unit shall, to the extent that transmission service is involved, pay for transmission service for the quantity of Energy that the Generating Unit remotely self-supplies. Such transmission service shall be provided under the terms of the ISO Tariff, and all congestion costs will be borne by the Scheduling Coordinator scheduling the Station Power load. Additionally, any imbalances between scheduled and metered Station Power load will be settled in accordance with the ISO Tariff.¹⁹

¹⁷ However, if the UDC believes it needs to hedge itself against possible exposure to increased Net Negative Uninstructed Deviations as a result of the assignment of Third Party Supply, then the SC may increase its Load schedule at the Load group or Demand Zone.

¹⁸ As explained earlier, On-Site Self Supply is not subject to the Access Charge under FERC precedent, while Remote Self-Supply is subject to the Access Charge.

¹⁹ Concerns were expressed that the ISO's proposal does not take into account the potential pricing differences between on and off-peak rates. (See, e.g., CPUC February 11, 2005 Comments at 3). This concern is unfounded. All deviations from scheduled Station Power or scheduled Generation will be settled at the appropriate Settlement Interval price in accordance with the ISO Tariff.

If the Generating Unit requires the use of distribution facilities or other facilities not part of the ISO Controlled Grid, the Generating Unit will have to make arrangements and pay the appropriate charges of the applicable UDC or owner of these non-ISO Controlled Grid Facilities. The determination of whether or not distribution facilities are required shall be made by the ISO in consultation with the applicable UDC or facility owner. Any disputes shall be subject the dispute resolution procedures of the ISO Tariff.

c. Energy Pricing

Under the proposed SPP 3.1 at the end of each Netting Period, the ISO will calculate the Net Output for each Generating Unit in the Station Power Portfolio. If the Net Output is positive, then all Station Power associated with that Generating Unit, other than load netted in accordance with the Metering Protocol, will have been served by On-Site Self-Supply. Any positive Net Output from facilities in the Station Power Portfolio will be available to provide Remote Self-Supply to any Generating Unit with negative Net Output. If the available Remote Self-Supply is less than the aggregate negative Net Output in the Station Power Portfolio, then such shortfall will be deemed to have been served by Third Party Supply.

Pursuant to SPP 5, the ISO proposes that any unscheduled deviations associated with Station Power will be settled at the applicable zonal price. Losses will be assessed through the application of the Generation Meter Multiplier on the supply scheduled to serve Station Power.

d. Charges on Metered Demand

As noted above, Station Power that is not eligible for permitted netting in accordance with MP 2.2.4.3 and MP 2.3.5 must be scheduled in accordance with the ISO Tariff. Loads associated with these schedules will be assessed all charges applicable to metered Demand under the ISO Tariff, except as provided in SPP 4.1. Assessment of all Demand charges is appropriate because the Demand associated with Station Power that is not eligible for permitted netting is presently subject to all ISO charges that are assigned to metered Demand. During the stakeholder process, the ISO considered the possibility that some charges would not be assigned to Station Power to avoid the associated administrative burden.²⁰ However, the ISO's proposed plan to use Load IDs to designate the source of supply attributed to serving Station Power Load will facilitate the assessment of all charges payable by metered Demand. By not

²⁰ The ISO noted that, for administrative simplicity, the New York ISO does not impose ancillary service charges on load served under the New York ISO station power rules. (Page 5 of the ISO's January 21 Straw Proposal.)

extending any additional exemption from charges for Station Power, issues related to the reassignment of any unrecovered costs are avoided.²¹

6. Administrative Charge

The ISO proposes to assess a charge of \$500 to the Scheduling Coordinator representing the owner of one or more Generating Units that submits an application to establish a Station Power Portfolio or to change the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio, and proposes to charge \$200 to the Scheduling Coordinator of Generating Units that have Station Power meters each time the ISO is required to shift meter data to a unique load identifier pursuant to the Station Power Protocol.²²

All revenue collected by the ISO pursuant to this Schedule 5 shall be considered "Other Revenues" and applied as a credit to the Grid Management Charge revenue requirement in accordance with Schedule 1 of Appendix F.

The purpose of this charge is to reimburse the ISO for the additional administrative costs of providing the Station Power service. This includes processing the initial applications and establishing the appropriate meter identifications and other accounts, verifying on the month-to-month basis the sources of Station Power supply, and billing for any shortfalls. The ISO is still developing the details of software and process changes necessary to accommodate the self-supply of Station Power, and has no information on the number of applications that will be received, or the frequency with which reassignment of Load to Remote Self Supply or Third Party Supply will be required. The ISO will monitor costs and revenues and seek amendment of these charges as appropriate.

7. Metering

Under SPP 6.1, in order to self-supply Station Power, a Generating Unit must be subject to a Meter Service Agreement for ISO Metered Entities. A separate meter, certified in accordance with the ISO Tariff, is required for end

²¹ The only potential source of wholesale cost shifting is related to the unrecovered transmission revenues associated with the exemption from the Access Charge, consistent with FERC precedent, for Station Power load served by On-Site Self-Supply as provided in SPP 4.1. Possible unrecovered retail transmission revenues resulting from lost retail sales are addressed by the ISO's proposed modification to the definition of Transmission Revenue Credit.

²² For example, if a Scheduling Coordinator has two Station Power meters, and both Remote Self Supply and Third Party Supply is attributed to each Station Power meter in a single Netting Period, then the ISO must shift meter data to a total of four unique load identifiers and the charge would be \$800 in that month (2 meters X 2 load IDs X \$200).

uses that meet the definition of Station Power. In addition, separate metering is required for any on-site Load that does not meet the definition of Station Power.

This provision provides the necessary assurance that the ISO will have the requisite meter data to monitor the Station Power usage to determine the quantity that has been self-supplied from on-site resources within the month period and to distinguish any remote supply or possible shortfalls. Given the complexity of the calculations, appropriate metering is essential for implementation of the program.

Any costs associated with owning or operating metering or related facilities necessary to self-supply Station Power according to the terms of this SPP are the responsibility of the owner-applicant, and a single Scheduling Coordinator must represent the unique load identifiers assigned by the ISO for On-Site Self-Supply and Remote Self-Supply associated with each Station Power meter.

SPP 7 provides that The ISO will provide the applicable UDC or MSS Operator with the amount of On-Site Self-Supply, Remote Self-Supply, and Third Party Supply serving Station Power at the granularity required to allow the UDC or MSS Operator to assess charges, if any, under the applicable retail tariff(s).

C. Discussion of Other Specific Changes

1. Master Definitions Section

In order to implement the new Station Power program, the ISO has added seven new definitions to the ISO Tariff.

“Net Output” The gross Energy output from a Generating Unit less the Station Power requirements for such Generating Unit during the Netting Period, or the Energy available to provide Remote Self-Supply from a generating facility in another Control Area during the Netting Period.

“Netting Period” A calendar month, representing the interval over which the Net Output of one or more generating resources in a Station Power Portfolio is available to be attributed to the self-supply of Station Power in that Station Power Portfolio.

“On-Site Self-Supply” Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load without use of the ISO Controlled Grid during the Netting Period.

“Remote Self-Supply”

Positive Net Output from generating resources in the Station Power Portfolio that is deemed to have self-supplied Station Power load of other Generating Units in the Station Power Portfolio during the Netting Period, where such self-supply requires use of the ISO Controlled Grid.

“Station Power”

Energy for operating electric equipment, or portions thereof, located on the Generating Unit site owned by the same entity that owns the Generating Unit, which electrical equipment is used exclusively for the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are owned by the same entity that owns the Generating Unit; located on the Generating Unit site; and used exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit. Station Power includes the Energy associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero real power output to provide Regulation or Spinning Reserve. Station Power does not include any Energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a Black Start procedure. Station Power does not include Energy to serve loads outside the ISO Control Area.

“Station Power Portfolio”

One or more generating resources eligible to self-supply Station Power, including Generating Units in the ISO Control Area, and generating facilities outside the ISO Control Area, all of which are owned by the same entity.

“Third Party Supply”

Energy that is deemed to have been purchased from third parties to supply Station Power load during the Netting Period.

In addition, the ISO has made conforming changes to the definitions of “Control Area Gross Load,” “Gross Load,” and “ISO Metered Entity”.

The ISO also proposes to revise the definition of Transmission Revenue Credit so that the Participating Transmission Owners will not be subject to a

regulatory lag due to a potential shortfall in their collections when Generators elect to participate in the new program.

2. Metering Protocol

Currently, the ISO Tariff permits contemporaneous on-site netting of Station Power. The contemporaneous on-site Station Power requirements are treated as reduced output from the Generating Unit and do not have to be scheduled with the ISO. The ISO seeks to preserve this treatment for contemporaneous on-site self-supply of Station Power.

However, MP 2.2.4.3 and 2.3.5 also prohibit non-contemporaneous on site self-supply and remote self-supply of Station Power. These current limitations on netting in the Metering Protocol of the ISO Tariff have been made subject to the Station Power Proposal which is captured in a new stand-alone protocol.

IV. EFFECTIVE DATE

The ISO respectfully requests that the Station Power proposal be made effective upon no less than 10 days notice by the ISO that the necessary software modifications have been implemented. The ISO currently anticipates that this can be achieved by the end of the first quarter of 2006, coincident with the conclusion of parallel operations of the existing settlement system and the new Settlement and Market Clearing System ("SaMC").

Design and coding for the new system has already begun, and the ISO plans to add the modifications necessary to implement the Station Power proposal to the new platform. An accelerated schedule for implementation of the Station Power proposal would require that changes are made to both the ISO's existing settlement system, and the new SaMC system. This is simply not economically feasible or operationally rational.

The ISO plans to provide Scheduling Coordinators with settlement statements from both the existing system and SaMC for a period of two to four months beginning late in 2005. This "parallel operations" period is designed to assist Scheduling Coordinators and the ISO make a smoother and more orderly transition to the new settlement system. During parallel operations the ISO and its clients will be able to compare statements from both systems, providing an additional business process control. Most importantly, however, Scheduling Coordinators will be able to test their own systems and bring them on-line at their own pace within the parallel operations period.

Any changes in settlements made now would require a duplicate effort. Business processes and software would need to be modified in both the existing settlement system and the new settlement system. Further, any design, coding, testing and implementation work for the existing system would have a useful life

of less than one year. Work on the SaMC project is being undertaken by the ISO Settlements Department. Given the already substantial workload on the ISO Settlements Department staff (and the numerous contractors that the Settlements Department has had to bring in on a temporary basis to assist in handling the overwhelming amount of work that the Settlements Department is facing at this time) in supporting current operations, processing the refunds from the California Energy Crisis, and supporting the upgrade to the existing system, the ISO is attempting to schedule any additional changes in the settlements system for the end of parallel operations to alleviate this duplicate effort and cost.

The Station Power initiative cannot be viewed in isolation. There are other important, unavoidable and non-deferrable changes that need to be implemented with the new platform during this same timeframe, including the 2004-2005 GMC Settlement and those changes that will be necessary as a result of the Commission's order in response to ISO Tariff Amendment 66 (ER05-718). In the interest of efficient allocation of limited resources and to avoid duplication of effort and increased costs, the ISO believes it is appropriate to defer implementation of the Station Power initiative until after SaMC is in place. Implementing Station Power at the end of parallel operations will ensure there is no impact to the SaMC schedule and also avoids duplicate system modifications.

V. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal.

Charles F. Robinson
Gene L. Waas
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, California 95630
Tel: (919) 351-4400
Fax: (916) 608-7296

David B. Rubin
Troutman Sanders LLP
401 Ninth Street, N.W.
Suite 1000
Washington, D.C. 20004
Tel: (202) 274-2964
Fax: (202) 654-5636

VI. SERVICE

The ISO has served copies of this transmittal letter and all attachments on the California Public Utilities Commission, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Agreements under the ISO Tariff. In addition, the ISO has served all parties on the service list maintained by the Secretary in Docket No. EL04-130.

VII. ATTACHMENTS

- Attachment A - Materials from the ISO Board Package
- Attachment B - Revised ISO Tariff Sheets
- Attachment C - Black-lined ISO Tariff Provisions
- Attachment D - Notice of filing suitable for publication in the Federal Register (also provided in electronic format).

Two extra copies of this filing are enclosed. Please stamp these copies with the date and time filed and return them to the messenger. Please feel free to contact the undersigned if you have any questions concerning this matter.

Respectfully submitted,



Charles F. Robinson
Gene L. Waas
Counsel for California Independent
System Operator Corporation

ATTACHMENT A



Memorandum

To: ISO Board of Governors
From: Eric Leuze, Director of Compliance
cc: ISO Officers
Date: March 25, 2005
Re: **Self-Supply of Station Power**

This memorandum requires Board action.

EXECUTIVE SUMMARY

Station Power is Energy used to operate auxiliary equipment and other Load that is directly related to the production of Energy by a Generating Unit. FERC has established a policy that allows a single entity that owns one or more Generating Units to self-supply Station Power over a monthly netting period using Energy generated on-site or remotely. Under the existing ISO Tariff, Station Power may be self-supplied only when a Generating Unit is operating.¹ In response to a complaint filed by a Market Participant, FERC issued an order on November 19, 2004 directing the ISO to make a compliance filing to conform the ISO Tariff to FERC policy regarding the self-supply of Station Power. With these revisions to the ISO Tariff, owners of Generating Units in the ISO Control Area will be able to displace retail Energy purchases from the responsible Utility Distribution Company. The ISO must submit its compliance filing by April 18, 2005.

The ISO's proposal defines terms and conditions that are consistent with FERC policy to allow a Generating Unit owner to self-supply Station Power by attributing Energy generated in one hour to the self-supply of Station Power in another hour, or by using the ISO Controlled Grid to deliver Energy from a remote source of supply. The ISO's proposal specifies the application requirements to establish a Station Power Portfolio. These requirements include identification of facilities involved, and verification of required contracts, metering equipment, and terms of service for the use of any distribution facilities required to serve Station Power. The ISO will provide data regarding the proposed configuration including any use of distribution facilities to the responsible Utility Distribution Company or Metered Subsystem and Local Regulatory Authority such as the California Public Utilities Commission. The ISO's proposal includes a \$500 charge for each application, and an additional administrative charge whenever the ISO is required to reassign metered Demand from one account to another, as may be required based on the source of self-supply.²

The ISO's proposal has been developed based on several rounds of comment by stakeholders, and has been modified in several respects in response to those comments. The ISO's proposal has been designed to

¹ This existing opportunity to self-supply Station Power is referred to as "permitted netting" under Sections 2.2.4.3 and 2.3.5 of the Metering Protocol.

² The source of self-supply cannot be determined until the end of the monthly netting period.

minimize the burden on the ISO of administering the proposal, while respecting cost causation and assuring that all appropriate charges for metered Demand are assessed in accordance with the ISO Tariff. The proposal presented for Board approval has no impact on real time operations³ and causes no "cost shifting" except as directed by FERC.⁴

It is important to emphasize that some stakeholders disagree with FERC policy, and do not believe that FERC has the authority to require a monthly netting period for the purpose of determining whether Station Power is self-supplied. The ISO is obligated to comply with FERC's order, and does not believe that the "strong justification" FERC indicated would be required to use a netting period of other than one month is available.⁵

In the ISO's upcoming compliance filing, the ISO must define a proposed time frame in which the terms for self-supply of Station Power will be implemented. An important consideration in defining this schedule is the numerous and substantial burdens on the ISO's settlement system, and the ISO's plans to completely replace this system. The ISO tentatively expects to have the Settlements and Market Clearing System (SaMC) in full production by the first quarter of 2006, although a final date for this milestone is still being developed. Management is proposing that the ISO not implement terms for the self-supply of Station Power until SaMC is in production. Management recognizes that there remains a risk that FERC may direct the ISO to adopt an earlier implementation date, and will use its best efforts to comply with whatever schedule FERC ultimately orders for the ISO to allow the self-supply of Station Power.

Moved,

That the Board of Governors authorizes the ISO to file a compliance filing with FERC providing proposed terms of service for the self-supply of Station Power consistent with the proposal presented in the Memorandum to the Board dated March 25, 2005, and attachments thereto, providing clarifying changes to the draft tariff language as necessary, and providing an implementation date that approximately coincides with full implementation of the Settlements and Market Clearing system, as determined by Management.

BACKGROUND

FERC has established a policy for self-supply of Station Power that is in place at the Midwest ISO, PJM, and the New York ISO. The ISO's proposal has been developed based on FERC precedent as defined by orders in the proceedings that led to establishment of terms for self-supply of Station Power by each of these three ISOs, and by input from stakeholders gathered by the ISO over the last three months.

The ISO posed several questions to stakeholders, including the following:

- 1) What uses should be eligible for station power service under the ISO Tariff?
- 2) What entities should be eligible to arrange station power service under the ISO Tariff?
- 3) Are any limits on the number of connections from which a Generating Unit may remotely supply appropriate?

³ The ISO's proposal does not change the rules for Dispatching resource, does not create any need or establish any right to generate uninstructed deviations to supply Station Power, and has no impact on Congestion Management.

⁴ FERC policy specifies that no Access Charge should apply to Station Power served by On-Site Self-Supply. This may result in small increases in the transmission rates to recognize the smaller volume of Energy subject to the Access Charge.

⁵ FERC has rejected arguments that it has no authority to require a monthly netting period, and this policy is in place at each of the other three ISOs that have been directed by FERC to allow self-supply of Station Power.

- 4) Is there any reason the netting interval should be different from a calendar month?
- 5) Are there alternatives the ISO should consider?
- 6) What questions or comments do stakeholders have on the metering and agreements?
- 7) Are there any unique operating characteristics in the ISO Control Area that require changes from FERC's fundamental principles for station power service?

Among the ISO's actions in response to stakeholder comments were the following:

- 1) Clarified that a "Load Commutated Inverter" used to start a combustion turbine would be eligible.
- 2) Clarified that load associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero power output would be eligible Station Power.
- 3) Defined terms to make all Generating Units eligible, including those organized under QF PGAs and MSS agreements.
- 4) Clarified that the responsible UDC or MSS Operator and Local Regulatory Authority would have access to information regarding the composition of the Station Power Portfolio including one-line diagrams to verify whether or not distribution facilities are involved in the self-supply of Station Power.
- 5) Published a detailed example including a one-line diagram and a spreadsheet model to illustrate the settlement and accounting for self-supply of Station Power.
- 6) Coordinated closely with interested Participating Transmission Owners to assure that proposed changes provide for recovery of full transmission revenue requirement.

Additional information on the stakeholder process and the details of the ISO's proposal are provided in Appendix 1. A simple example of the self-supply of Station Power is provided in Appendix 2, and a detailed example is presented in Appendix 3. The current draft tariff language is provided in Appendix 4.

SUMMARY OF PROPOSAL

The following key elements of the proposal are presented for Board approval:

- 1) **Definition:** The definition of Station Power is based on the New York ISO definition, as approved by FERC, modified to make clear that load associated with motoring a hydro unit to be synchronized at zero real power output to provide Non-Spinning Reserve or Regulation constitutes Station Power. The definition also makes clear that no Station Power outside the ISO Control Area may be self-supplied under the ISO Tariff.
- 2) **Eligibility:** With the support of stakeholders, the ISO proposes to extend the opportunity to self-supply Station Power service to all parties, including any Generating Unit subject to a PGA, MSS Agreement, or QF PGA. Participation is voluntary. All facilities must be owned by the same entity.
- 3) **Metering:** An ISO certified meter is required, and any ineligible load within the perimeter must be separately metered. The ISO must approve any metering scheme and verify that a Meter Service Agreement for ISO-Metered Entities is in place.
- 4) **Sources of Station Power:** Generating Units may self-supply Station Power by 1) netting Station Power against contemporaneous on-site Generation as presently allowed under the ISO Tariff ("permitted netting"), 2) attributing Energy generated in other hours within the monthly Netting Period from the on-site Generating Unit (i.e., On-Site Self Supply), 3) attributing the Net Output of another Generating Unit or generating facility outside the ISO Control Area (i.e., Remote Self Supply). If the

Net Output from all generating facilities under common ownership is insufficient to serve all Station Power, then the difference is deemed to have been served by Third Party Supply, which is subject to charges under the appropriate retail tariff.

- 5) **Netting Period:** Stakeholders generally concur that the ISO should propose a Netting Period of one calendar month, consistent with FERC policy (although some stakeholders argue that FERC lacks the authority to impose its precedent). This means that so long as the Net Output over a calendar month of all generating facilities under common ownership exceeds the Station Power of the Generating Units in the Station Power Portfolio, that all Station Power was self-supplied, and no retail sale of Energy occurred.
- 6) **Transmission Charges:** Consistent with FERC precedent, Station Power to which On-Site Self-Supply is attributed will not be subject to the ISO's Access Charge, while Station Power to which Remote Self-Supply is attributed will be subject to the Access Charge.
- 7) **Energy Deviations:** All deviations by Station Power Load or by Generating Units self-supplying Station Power will be paid or charged at the appropriate ex post price for each Settlement Interval.
- 8) **Congestion Management:** No special rules for Congestion Management re proposed. Scheduling Coordinators may elect to submit Adjustment Bids on scheduled Station Power Load.
- 9) **Other ISO Charges:** Consistent with cost causation, all load-based charges will apply to Station Power load. This will be assured by assigning load to the appropriate load ID, as explained in Section 3.1 of the Station power Protocol and shown in detail in Appendix 3.
- 10) **CPUC Charges:** In accordance with FERC precedent, any charges for any use of distribution facilities required to self-supply Station Power will be determined by the CPUC or other Local Regulatory Authority.
- 11) **Administrative Charge for Station Power applications and for Remote Self Supply and Third Party Supply:** A proposed application fee of \$500 is proposed, and a charge of \$200 for each load ID to which the ISO must shift load to assure proper cost assignment, as explained in the draft Schedule 5 of Appendix F to the ISO Tariff (see Appendix 4 to this memorandum).
- 12) **Implementation Schedule:** The ISO has begun to identify the changes to systems and processes necessary to implement the self-supply of Station Power, but detailed requirements, budget and schedule have not yet been developed. The implementation schedule must allow the ISO sufficient time to accomplish the changes to settlement and metering systems and processes – but must also be approved by FERC. One consideration in defining the schedule is the numerous and substantial burdens on the ISO's settlement system. The ISO is planning to begin several months of parallel operation of the existing settlements system and the new Settlements and Market Clearing (SaMC) system beginning in September. During this parallel operation, the ISO will seek to benchmark and verify the performance of the SaMC system, and so will be seeking to minimize the number of changes that need to be made to both systems. Based on these considerations, the ISO might elect to propose that the systems and processes to support Station Power be implemented at the time that the ISO has completed the parallel operation of both settlement systems and puts the SaMC system into

production. The ISO tentatively expects to reach this milestone in the first quarter of 2006. There remains a risk that FERC will direct the ISO to adopt an earlier implementation date.

**ISO PROPOSAL
FOR SELF-SUPPLY OF STATION
POWER SERVICE**

APPENDICES

MARCH 24, 2005

APPENDIX 1 STAKEHOLDER PROCESS AND PROPOSAL DETAILS

FERC directed the ISO to work with stakeholders to develop a compliance filing with tariff changes to conform the ISO Tariff to FERC policy, as represented by several previous orders.¹ The following summarizes the stakeholder process and some of the details of the proposal that have been discussed during this process.

STAKEHOLDER REVIEW

The following summarizes the stakeholder process used to develop the proposal for self-supply of Station Power. Table 1 summarizes stakeholder comments organized by issue.

ISO publishes discussion paper on Station Power	December 27, 2005
First conference call to discuss Station Power Principles	January 11, 2005
First round of written stakeholder comments	January 12, 2005
ISO posts straw proposal	January 21, 2005
Conference call to discuss straw proposal	February 3, 2005
ISO posts clarification and examples	February 4, 2005
Second round of written stakeholder comments	February 11, 2005
ISO publishes Status Report and Update	February 25, 2005
Conference call to discuss details of proposal	March 3, 2005
ISO publishes detailed example and spreadsheet	March 9, 2005
ISO posts draft tariff language	March 11, 2005
Conference call to discuss draft tariff language	March 16, 2005
ISO posts revised draft tariff language	March 17, 2005
Comments on tariff language due	March 18, 2005
ISO posts Board materials	March 25, 2005
Board of Governors meeting to approve proposal	March 31, 2005
File proposed tariff amendment with FERC	Early April 2005

ELIGIBILITY

With the general support of stakeholders, the ISO proposes to extend the opportunity to self-supply Station Power service to all parties, including “non-merchant generators.” Only Generating Units that operate under the terms of a PGA, QF PGA or MSS Agreement are eligible. A QF that is not bound to the ISO Tariff (e.g., when operating solely under the terms of a pre-existing power purchase agreement) is not eligible to self-supply Station Power.

Nothing in the ISO proposal would diminish any existing rights of a QF or other Generating Unit owner. Any QF that has the right to net schedule Generation and on-site load would have no additional obligations or metering requirements,

¹ The MISO, PJM and NYISO tariffs all allow the self-supply of Station Power.

unless it elects to self-supply Station Power, and meets the associated ownership, contractual and metering requirements.

Station Power may be self-supplied by a single corporate entity or joint powers agency or other legal entity organized under the laws of the State of California, but such self-supply may only be provided to and from facilities owned solely by that entity (i.e., Station Power may not be self-supplied among affiliates, among members of a joint powers agency, or among other affiliated but legally distinct entities).

If an entity owns a portion of a jointly owned Generating Unit it may remotely self-supply the Station power of its other Generating Units up to the amount of its entitlement to Energy from the jointly-owned Generating Unit provided that: (i) the entity has the right to call upon that Energy for its own use; and (ii) the Energy entitlement is not characterized as a sale from the jointly owned Generating Unit to any of its joint owners.

APPLICATION PROCESS

The ISO will develop an application process for Generating Unit owners desiring to self-supply Station Power. An important objective is to assure that each metering arrangement for Station Power service is clear and unambiguous, and that a process for coordinating with the owner, the owner's Scheduling Coordinator, the CPUC and the responsible UDC is established in advance so that there is no confusion or ambiguity about how Station Power and other loads within the perimeter of a Generating Unit are metered and reported. The application process will include the following requirements:

- 1) The owner-applicant must identify and provide one-line diagrams of all Generating Units and Station Power meters for the "portfolio" over which Station Power is proposed to be self-supplied. Meter location and ownership of facilities should be clearly shown.
- 2) The owner-applicant must be the sole owner of the Generating Units, or must be able to demonstrate the right to call on Energy for its own use for jointly owned units.
- 3) Each Station Power meter must be certified in accordance with the ISO Tariff, and all end uses served must meet the definition of Station Power. All load served by each Station Power meter must be consistent with the definition of Station Power, and any ineligible load must have appropriate retail metering in place.² Under no circumstances may ineligible loads be served through a Station Power meter.

² Separate metering is not required if the values of two or more meters can be netted to properly record and report loads that are ineligible for Station Power service.

- 4) Each Station Power meter must be subject to a Meter Service Agreement for ISO Metered Entities.
- 5) Any costs associated with required metering or telemetry are the responsibility of the owner-applicant.
- 6) A single Scheduling Coordinator must be assigned to both the On-Site Self-Supply and Remote Self Supply Load IDs associated with each Station Power meter.
- 7) Each Generating Unit must be bound to the ISO Tariff by a PGA, QF PGA, or MSS Agreement.
- 8) The owner-applicant must indicate its expected reliance on On-Site Self Supply and Remote Self Supply to assist the ISO in establishing Station Power Load IDs (as explained under "Scheduling, Metering and Settlement", below).
- 9) The owner-applicant must have arranged terms of service with the responsible UDC for the use of any distribution facilities required to self-supply Station Power.
- 10) A single Scheduling Coordinator must represent each Station Power meter (i.e., the On-Site Self-Supply Load ID and the Remote Self Supply ID must be associated with the same Scheduling Coordinator – see "Scheduling, Metering and Settlement", below).

The ISO will review applications and take the following actions.

- 1) The ISO will provide the appropriate UDC and the CPUC with one-line diagrams and information regarding the owner-applicant.³ (The ISO requests comments from stakeholders on whether the applications should be public documents or whether the CPUC and the appropriate UDC should be the only entities provided opportunity to review the documents.)
- 2) The ISO will verify metering schemes and assign Load IDs to the responsible Scheduling Coordinators.

³ SCE's February 11, 2005 comments provide several reasons why the applications should be public, or at least accessible to the CPUC and the PTO (pages 2 and 3). For example, SCE claims a tax liability may be incurred by the PTOs due to Remote Self-Supply due to an IRS Notice that requires title to any energy generated to pass to another entity before it enters the PTO's system. The SCE comments are available at: <http://www.caiso.com/docs/09003a6080/34/c7/09003a608034c73f.pdf>

- 3) The ISO will make a determination in consultation with the UDC and CPUC on the factual question of whether distribution facilities are involved.

TRANSMISSION CHARGES

Consistent with FERC precedent, Station Power load to which On-Site Self-Supply is attributed will not be subject to the Access Charge, while Station Power load to which Remote Self-Supply is attributed will be subject to the Access Charge.

Stakeholders requested that the ISO provide relevant citations documenting that FERC's station power policy is that no transmission charges apply to On-Site Self-Supply. The FERC precedent is most clearly demonstrated by the tariff language approved by FERC for all three ISOs that have been directed to allow the self-supply of Station Power. In each case, the tariff language clearly provides that no transmission charges apply to On-Site Self Supply:

- Section 1.7.10 of the PJM tariff specifies that a "Market Seller" may self-supply Station Power if the net output of its facility over the month is positive, and that in such event, the Market Seller "will not use, and will not incur any charges for, transmission service."
- Section II.5 of Schedule 20 of the MISO Tariff provides that "a Generator that self-supplies its facility with Station Power will be deemed not to have used, and will not incur any charges for, Transmission Service to provide such Station Power."
- Section 4.24(f) of the NYISO Tariff provides that when a generator self-supplies Station Power (i.e., its net output for that month is positive) then "the Generator will not incur any charges for Transmission Service."

The FERC precedent also clearly indicates that transmission charges will apply to Remote Self-Supply. For example, FERC specified that "(t)o the extent a generator needs transmission to remotely self-supply, point-to-point transmission service charges under Part II of the NYISO's OATT will apply."⁴

SCHEDULING, METERING AND SETTLEMENT

A Station Power meter is an ISO meter that has been certified as serving eligible Station Power load. In this paper, the use of the term "self-supply" means to generate sufficient Energy from Generating Units included in an owner's Station Power portfolio to serve the Station Power load, as measured over a defined Netting Period. In the simplest configuration, a Station Power "portfolio" may be

⁴ "Keyspan III", 101 FERC 61,230, page 23.

a single Generating Unit that intends to self-supply its on-site Station Power load, with a single ISO certified meter where channel 1 is used to report Station Power load and channel 4 is used to report net Generation.

In more complicated configurations, a Station Power portfolio may include several Station Power meters and several Generating Units. ISO Controlled Grid or distribution facilities under CPUC jurisdiction may separate one or more elements of the Station Power portfolio. Rules for attribution of Generation to serving Station Power load are essential to allow determination of what facilities are used, as shown in the example provided in Appendix 2.

Any Station Power service represented by contemporaneous, on-site Generation that is presently treated as "permitted netting" under Sections 2.2.4.3 of the Metering Protocol need not be scheduled. However, any Station Power that is not served by contemporaneous, on-site Generation should be scheduled, and meter data must be collected by the ISO.

If the load associated with a Station Power meter is intended to be self-supplied only by On-Site Self-Supply, then two load IDs will be associated with the meter. The default load ID for each meter is the "On-Site Self-Supply Load ID", which would be assigned to the portfolio owner's SC.⁵ During hours in which Station Power load is not netted using on-site contemporaneous Generation under the ISO's existing policy for permitted netting, the portfolio owner's SC will use the On-Site Self Supply Load ID to schedule the Station power load. Any load that is not contemporaneously netted will be associated with this Load ID, unless some portion is reassigned to another Load ID at the end of the Netting Period, as described below.

The second Load ID that will be assigned to each Station Power meter is the "Third Party Supply Load ID", which will be associated with the Scheduling Coordinator of the UDC responsible for retail service. This Load ID will be used by the ISO after the Netting Period to identify Station Power load for which the portfolio owner failed to self-supply Station Power. No meter data will be reported under the Third Party Supply Load ID until a determination is made at the end of the Netting Period about whether or not the Generation in the Station Power Portfolio was sufficient to self-supply the Station Power load in the Station Power Portfolio. If Station Power load exceeds the available Generation, then the ISO will shift a portion of reported load to the Third Party Supply Load ID.⁶ As explained below, the ISO proposes that the UDC's SC not schedule any load using the Third Party Supply Load ID.

⁵ It is at least theoretically possible that a particular meter for eligible Station Power load in an Station Power Portfolio would require use of the ISO Controlled Grid to be self-supplied, in which case the Remote Self Supply Load ID would be the default Load ID.

⁶ For an example of the method for attributing Third Party Supply to units and intervals, see Appendix 2.

If there are one or more Generating Units in the Station Power Portfolio that could remotely self-supply load served by a Station Power meter, then a "Remote Self Supply Load ID" will also be specified for that meter. The Remote Self-Supply Load ID will facilitate settlement of transmission charges, and will be associated with the portfolio owner's Scheduling Coordinator.⁷ The portfolio owner's SC will not be allowed to schedule using the Remote Self Supply Load ID, but will exclusively schedule any Load using the On-Site Self Supply Load ID.

All meter data when initially polled by the ISO will be recorded under the On-Site Self-Supply Load ID. At the end of the month (or other Netting Period ordered by FERC) the ISO will determine what portion of the metered Station Power load in each 5-minute metering interval was served by Remote Self Supply or Third Party Supply, and will reassign load from the On-Site Self-Supply Load ID to the Remote Self Supply Load ID or Third Party Supply Load ID accordingly.

In summary, ISO charges would be assigned as follows.

- 1) The portfolio owner's SC is responsible for charges associated with self-supplied Station Power:
 - a. Load reported under the On-Site Self-Supply Load ID would be subject to all ISO load-based charges except the Access Charge.
 - b. Load reported under the Remote Self-Supply Load ID would be subject to all ISO load-based charges including the Access Charge.
- 2) The UDC's SC is responsible for charges accruing to the Third Party Supply Load ID:
 - a. Load reported under the Third Party Supply Load ID would be subject to all ISO load-based charges including the Access Charge.
 - b. The UDC would bill any metered load associated with the Third Party Supply Load ID under the appropriate retail tariff.
 - c. Since the meter data reported under the Third Party Supply Load ID will be attributed by 5-minute interval, sufficient granularity will be assured to determine charges under the appropriate retail tariff.

Importantly, the total load reported for each Station Power meter is not changed in any 5-minute metering interval -- the only change is that a portion of that 5-minute load may be associated with a different Load ID.⁸ As a result, the

⁷ As explained earlier, On-Site Self Supply is not subject to the Access Charge under FERC precedent, while Remote Self-Supply is subject to the Access Charge.

⁸ The ISO will continue to aggregate 5-minute meter data to 10-minute Settlement Intervals for all ISO settlement purposes.

reallocation of meter data described above has no impact on UFE or Imbalance Energy. Transmission revenue collections may be affected since Station Power load served by On-Site Self Supply is exempt from the Access Charge, as discussed further under "Other ISO Charges", below.

The ISO would seek to make any reallocation of meter data to the Remote Self-Supply and Third Party Supply Load IDs for each unit by 5-minute metering interval before the Preliminary Settlement Statement is issued for the first day of the month. However, if some unforeseen problem prevents the reallocation from being performed before one or more Final Settlement Statements are published (i.e., reallocation among the load IDs occurs more than 51 business days after the first Trade Day of the month), then some market reruns and post-final adjustments may be necessary.

These reruns and post-final adjustments could not be practically accomplished with the current settlement system, but could be managed with the new Settlements and Market Clearing (SaMC) system. These considerations are critical in determining the time frame in which the ISO could implement changes necessary to support the self-supply of Station Power.

In the interest of avoiding changes to the ISO network model used to manage congestion and to avoid potential confusion caused by the same load being scheduled using more than one Load ID, the ISO tentatively proposes that the owner's SC would be limited to scheduling to the On-Site Self Supply Load ID, since the choice between using the On-Site Self Supply Load ID and the Remote Self Supply Load ID will make no difference in any settlement outcome among Scheduling Coordinators.

The ISO also tentatively proposes that the UDC's SC be precluded from scheduling to the Third Party Supply Load ID. Since the load that will be reported under a Third Party Supply Load ID for any interval is not determined until after the end of the month, it would be difficult or impossible to accurately schedule such load.⁹ This scheduling limitation will also help avoid any revisions to the network model, and would obviate the need to consider a rule to limit the volume of aggregate load scheduled at the Third Party Supply Load ID and the On-Site Self-Supply Load ID for the same Station Power meter.

SOURCES OF STATION POWER

SCE proposes that the definition of On-Site Self-Supply exclude use of distribution facilities.¹⁰ The ISO's designation of On-Site Self Supply and Remote

⁹ If the UDC's SC determines that it should schedule load as a hedge against the possible assignment of charges for Third Party Supply (e.g., to avoid potential increases in Net Negative Uninstructed Deviations associated with unscheduled Third Party Supply), the UDC's SC may schedule its estimate of Third Party Supply at the demand zone.

¹⁰ See SCE's February 11, 2005 comments (page 2).

Self Supply is only intended to clarify when the Transmission Access Charge applies – distribution facilities and CPUC charges for use of such facilities could occur under either On-Site Self Supply or Remote Self Supply (see the example in Appendix 2).

Generating Units may self-supply Station Power from on-site Generation or from Generation produced by remote Generating Units under the same ownership. FERC has stated that Third Party Supply involves a retail sale, subject to state jurisdiction,¹¹ and the state also has jurisdiction when distribution facilities are used to self-supply Station Power.¹²

However, FERC has found that no retail sale occurs when Station Power is self-supplied over a monthly netting period.¹³ FERC has also concluded that unless distribution facilities are involved, or retail service is being provided, that the FERC jurisdictional tariff alone determines what charges apply.¹⁴

CPUC CHARGES

In the November 19 Order, FERC directed the ISO to conform the ISO Tariff to FERC's station power precedent. The ISO recognizes that some stakeholders fundamentally disagree with FERC policy. Nonetheless, the ISO must comply with the November 19 Order.

Under FERC precedent, the question of whether CPUC has jurisdiction to assess charges related to the self-supply of Station Power is a factual matter that rests on whether or not distribution facilities are used, which will be determined on a case-by-case basis.

SCE asks for clarification about who will make the determination of whether or not distribution facilities are used to self-supply Station Power. As noted above,

¹¹ FERC has affirmed its conclusion that "the third-party provision of station power is not within our jurisdiction as it is a sale for end-use", "Keyspan II", 100 FERC 61,201 at p.2. Each order defining the FERC precedent is identified in the November 19 Order in directing the ISO to file tariff language consistent with the FERC precedent. The November 19 Order can be found at <http://www.caiso.com/docs/2004/12/27/2004122711461318509.pdf>

¹² "The delivery of station power may also involve the usage of local distribution facilities; this aspect of the transaction may be subject to regulation by a state regulatory authority." PJM II 94 FERC 61,251 at n. 60.

¹³ The proposition that self-supply of station power is a sale for end use has been previously litigated and rejected. *Nine Mile Point Nuclear Station, LLC v. Niagara Mohawk Power Corporation*, 110 FERC 61,033 (2005) at P. 23.

¹⁴ FERC has determined that "(a) state may approve whatever rate level it deems appropriate, including recovery of stranded costs and benefits, when a utility is selling station power at retail or is using local distribution facilities for the delivery of station power.... When neither of those services is being provided, however, and a merchant generator is self-supplying its station power requirements in accordance with the NYISO's Service Tariff, and any delivery is transmission service, the charges specified in the NYISO's tariffs apply to the exclusion of any retail tariff." *AES Somerset, LLC v. Niagara Mohawk*, 110 FERC 61,032 (2005) at P. 46.

the ISO intends to provide the PTO/UDC and the CPUC with information provided by any Station Power applicant regarding the facilities involved to assist the PTO/UDC and the CPUC in determining whether or not any distribution facilities are involved. However, FERC has clearly asserted that it has the authority to make the determination.¹⁵ Accordingly, the ISO would be hopeful that the applicant, the PTO/UDC and the CPUC would all be in agreement on this factual issue. To the extent that this is not the case, the ISO would expect the facility to begin its participation in the Station Power program subject to the eventual legal determination of whether or not additional distribution-level charges apply.

FERC makes clear that any use of distribution facilities is subject to state jurisdiction, but does not prohibit self-supply in such circumstances. FERC has specifically ruled that any use of distribution facilities will be determined on a case-by-case basis, and that charges for such use are subject to state jurisdiction. As noted above, the ISO will make provide the CPUC and the responsible UDC with information regarding each application so that they have full opportunity to evaluate whether or not distribution facilities are used in the self-supply of Station Power.

NETTING PERIOD

Stakeholders generally concur that the ISO should propose a Netting Period of one month, although some stakeholders contend that FERC lacks the authority to impose its precedent. In particular, the CPUC disagrees with the monthly Netting Period and believes that the CPUC has jurisdiction over the self-supply of Station Power. The CPUC further believes that any use of distribution facilities for the self-supply of Station Power indicates that a retail sale has occurred, and is subject to CPUC jurisdiction.

Although nothing in the ISO proposal is intended to supersede otherwise applicable jurisdiction of the CPUC, FERC has established a precedent that, while subject to appeal, is still binding on the ISO with respect to the conclusion that self-supply of Station power does not involve a sale of Energy.

SCE suggests that the rationale FERC used in establishing its precedent may not apply to California.¹⁶ While the ISO would not necessarily oppose those arguments, they do not appear to provide a sufficient basis for the ISO to diverge from the clear FERC precedent with respect to the netting period.

¹⁵ FERC has stated that "(w)e disagree that it is solely the states that may make determinations about the nature of these facilities. This Commission must be able to assess whether facilities are transmission or local distribution facilities and thus whether they are subject to our jurisdiction." AES Somerset, LLC v. Niagara Mohawk, 110 FERC 61,032 (2005) at P. 35. "The fact that the New York Commission may have overlapping authority to determine which facilities are local distribution facilities does not negate our authority. Id.

¹⁶ SCE February 11 comments at pages 2 and 3.

It seems clear that some duration longer than a single Settlement Interval is necessary to be consistent with FERC policy. Each of the other ISOs uses a one-month netting period, and FERC indicated that "strong justification" of an alternate netting period would be necessary. Stakeholders supporting a netting period longer than 15 minutes generally agreed that a monthly netting period is appropriate.

Although some stakeholders believe any netting period longer than 30 minutes would require retail wheeling, no stakeholder proposed any alternative to a monthly Netting Period. Given these considerations, the ISO proposes that the Netting Period be defined as a calendar month.

CONGESTION MANAGEMENT

The CPUC suggests that the ISO proposal does not take congestion into account. In fact, no accommodation or preference is proposed and Congestion Management will apply in accordance with the ISO Tariff. The Station Power portfolio owner's SC may schedule Load using the designated Station Power Load ID, and will be subject to Congestion Management according to the same rules that apply to any other scheduled load. All congestion costs will be borne by the Scheduling Coordinator scheduling the Station Power load. Usage Charges will be calculated and any imbalances between scheduled and metered Station Power load will be settled in accordance with the ISO Tariff.

SUMMARY OF PROCESS

The first step will be for the Generating Unit owner that wishes to self-supply Station Power to complete the application process, and for the ISO to approve the plans and metering schemes in consultation with the responsible UDC and the CPUC. When this is complete, the ISO will set up the Load IDs for all Station Power meters in the Station Power Portfolio, and the owner will be certified to begin self-supplying Station Power. The process from the Day-Ahead Market through final settlement is described below.

- 1) In the Day Ahead and Hour Ahead Markets, the owner's SC will schedule as follows:
 - a. For those hours in which Station Power load can be served by a Generating Unit that can provide On-Site Self-Supply and that Generating Unit is scheduled to operate, then no load will be scheduled under the On-Site Self-Supply Load ID, and only net Generation will be scheduled. This is consistent with "permitted netting" under MP 2.2.4.3.
 - b. For hours in which Station Power the on-site Generating Unit is not scheduled to be served, then the Station Power load should be

scheduled – even if a Generating Unit eligible to provide Remote Self-Supply is scheduled to operate in the same hour.

- 2) In the Day Ahead and Hour Ahead Markets, the UDC's SC will not be expected to schedule any load for Station Power that the owner has elected to self-supply, but may schedule at the demand zone level to hedge potential charges for Third Party Supply.
- 3) The ISO will perform Congestion Management on each SC's portfolio in accordance with the ISO Tariff. This means that scheduled Station Power load may be adjusted economically if Adjustment Bids are submitted, or uneconomically if no Adjustment Bids are submitted. Any Usage Charges attributable to the use of a congested inter-zonal interface to serve the Station Power load will be determined in accordance with the ISO Tariff.
- 4) During the Operating Hour, the ISO will Dispatch resources and take other actions in accordance with the ISO Tariff. The self-supply of Station Power will have no impact on real-time operations.
- 5) The ISO will poll channel 1 (Demand) and channel 4 (Generation) of all ISO certified meters, including those serving Station Power load on the day after the Trade day.
- 6) Approximately 5 to 10 days after the end of the Netting Period, the ISO will perform a calculation for each Station Power Portfolio to determine what source of supply is to be attributed to serving metered Station Power load (see Appendix 2).
- 7) The ISO tentatively plans to reassign meter data to the Remote Self-Supply and Third Party Supply Load IDs before the Preliminary Settlement Statement on the first day of the Netting Period is issued (i.e., 38 business days after the Trade Day).
- 8) The ISO will provide the responsible UDC with the amount of Third Party Supply serving Station Power load by meter ID and 5-minute interval to allow the UDC to assess the appropriate charges under the applicable retail tariff.
- 9) The ISO will issue Preliminary and Final Settlement Statements with all applicable load-based charges accruing to the owner's SC for self-supply of Station Power, and to the responsible UDC's SC for all Third Party Supply of Station Power.
- 10) To the extent that the ISO is unable to reassign meter data until after Final Settlement Statements are issued (i.e., 51 business days after the Trade

Day), then settlement reruns will be required. Any such reruns will be substantially facilitated by implementation of the ISO's new SaMC system. Such reruns will likely be routinely necessary after the ISO implements payment acceleration.

**STATION POWER COMMENTS
SUMMARY OF STAKEHOLDER POSITIONS**

Issue	Calpine	PG&E	IEP	NCPA	Edison	CPUC	Mirant	CAC/IEPUC
Definition of Station Power	Load Commutated Inverters used to start gas turbines should be included.	Cogeneration loads should be excluded.	Use NYISO definition.	Load for motoring hydro synchronized with zero net output should be eligible.	Exclude synchronous condensers, pump-back, and restoration or black start.	Station power is retail service.	Agree that synchronous condensers, pump-back and restoration should be excluded.	No comment.
Eligibility for Station Power ¹⁷	Should be non-discriminatory	Non-station power must continue to be served under standby service schedules	All generation owners including non-merchants should be eligible.	MSS should be eligible.	Station power is retail service.	Direct access has been suspended in California.	All owners of generation should be eligible.	All generators within ISO Controlled Grid should be eligible.
Sources	No limitations should apply.	Both remote and third party may be inconsistent with California direct access law.	Supports Duke complaint.	No comment	Third party supply is retail wheeling.	Third party supply is direct access.	Third-party supply should be allowed.	Supports the "three classifications established by FERC"
Netting Period	Monthly	No longer than one month.	Monthly.	Monthly unless comments suggest an alternative should be considered.	15 minutes is appropriate netting interval.	Monthly netting does not consider on-peak and off-peak pricing differences.	Monthly	No comment on how Energy procured from third parties should be priced.

¹⁷ On January 21, 2004, the California Department of Water Resources State Water Project filed comments limited to the issue of eligibility, and recommended that "all generators—whether municipal, State, or merchant—should receive the same station power treatment." These comments are posted on the Station Power Initiative page of the ISO Home Page.

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Appendix 1

**STATION POWER COMMENTS
SUMMARY OF STAKEHOLDER POSITIONS**

Issue	Calpine	PG&E	IEP	NCPA	Edison	CPUC	Mirant	CACIEPUC
Energy Pricing	OK with locational price	Details required for settlement when net output is negative over netting interval. Will charges be reversed?	Until MRTU is implemented use ex-post price. UDP should not apply when supplying station power.	No comment.	Without accepting premise that station power is legal, locational pricing seems appropriate.	No comment.	Locational prices should apply.	"Any requirement to separately meter and schedule behind the meter gen and load conflicts with QF PGA order. Inconsistent to require scheduling of on-site self supply if it doesn't use transmission.
Metering and Agreements	No scheduling should be required.	Separate metering should be installed as required to assure only eligible station power load is served.	Need to revise permitted netting as defined in Metering Protocol.	No comment.	Scheduling, telemetry and metering requirements should be clearly specified. Need to assure that non-station power load is separately metered.	Station power should be scheduled and reported through ISO certified meter.	ISO certified meters are sufficient. Imported self-supply should be allowed.	Separate metering should not be required, but recognize difference "the two activities [load and gen] are separated in time."

**STATION POWER COMMENTS
SUMMARY OF STAKEHOLDER POSITIONS**

Issue	Calpine	PG&E	IEP	NCPA	Edison	CPUC	Mirant	CAC/EPUC
ISO Charges	Non-discriminatory, consistent with cost causation, but on-site self supply should be netted behind the meter	Access charge should apply to any non-contemporaneous on-site self supply. Participating TO lost revenue requirement should be resolved before implementing.	Transmission charge may only be imposed for remote self-supply. No GMC or other charges for on-site supply. Some GMM, GMC, Transmission may apply to remote supply.	No comment.	Should have no impact on UFE, UDP or bilateral agreements. Settlement examples should be provided.	Cost causation principles should apply.	No transmission charges should apply to on-site self supply. Transmission but not A/S charges should apply to remote self-supply.	No GMC or other charges for on-site self-supply. Transmission and "some" components of GMC may apply to remote supply. Third party supply should be subject to imbalances.
Unique Operating Characteristics	None	Prohibition of direct access in California suggests the only permissible supply "is the generator itself."		No comment.	Yes. Station power service is illegal in California	Station power principles FERC has imposed elsewhere are not reasonable for California. We don't use LMP and the IOU systems are different from those elsewhere..	No comment.	No comment.

SIMPLE EXAMPLE OF STATION POWER SELF-SUPPLY

FERC's policy and November 19 order create the opportunity for generators to convert retail service to wholesale service. The key difference is the use of a monthly netting period for attributing Generation in one hour to the self-supply of Station Power in another hour. If the netting period were only as long as an ISO Settlement Interval, then there would be no impact, and no retail service would be converted to wholesale service.

The following example first explains how Station Power would be settled under the existing ISO Tariff, and then how the ISO proposes to settle the service in accordance with the FERC Station Power precedent. Suppose a 50 MW unit has a 1 MW Station Power load, and that this generator can serve the Station power load without use of the ISO Controlled Grid or the distribution system of the utility with retail jurisdiction.

Suppose the netting period were two hours, and the unit were scheduled to operate in the first hour (generating 50 MWh) and to be shut down in the second hour (delivering 0 MWh). Under the existing ISO Tariff, the generator can net the Station Power load in the first hour under MP 2.2.4.3, so if the gross Generation is 50 MWh, and 1 MWh in Station Power is consumed, then meter data is netted so that 49 MWh of net Generation is reported. The Station Power load was self-supplied contemporaneously.

Suppose that the unit is off-line in the second hour, but there is still 1 MWh of Station Power. Under the existing ISO Tariff, the UDC would serve this load under the applicable retail tariff. The ISO would bill the UDC's Scheduling Coordinator for cost of the wholesale service to that 1 MWh of retail load, which would include the cost of Imbalance Energy for any unscheduled Station Power, plus all load based charges, including the Access Charge. The UDC would then bill the owner of the Generating Unit at the appropriate retail tariff for the Station Power service in hour 2.

Suppose the rules are revised to be consistent with FERC precedent. First, the generator takes on the responsibility from the retail utility for the wholesale service provided by the ISO to serve the 1 MWh of Station Power load. In other words, the Generator's Scheduling Coordinator is responsible for that load rather than the UDC's SC.

The effect of the station power service on each party is summarized below:

- 1) The generator avoids retail charges, and its SC pays wholesale charges excluding the Access Charge.

- 2) The UDC is no longer responsible for the cost of wholesale service provided by the ISO to serve the Station Power, and does not bill the generator for retail service.
- 3) Instead of billing the UDC's SC for the wholesale services provided by the ISO to the Station Power load, the ISO bills the generator's SC. The second effect is that the ISO does not bill the Access Charge on the 1 MWh of Station Power load in Hour 2.

Under FERC precedent, Generation from hour 1 is attributed to self-supply Station Power load in hour 2. The Station Power in hour 1 was self-supplied contemporaneously. The station power in hour 2 was self-supplied non-contemporaneously but within the netting period.

The only purpose of the netting process is to determine whether Station Power is self-supplied or procured from a third party. If on-site self-supply, then load based charges excluding the Access Charge apply. If Remote Self-Supply is used, then the Access Charge applies in addition to load-based charges.

Whether or not Third Party supply was involved cannot be determined until after the end of the netting period. This is because the Station Power Portfolio could show a net draw for other supplies through most of the netting period, and then on the last day generate enough energy to allow self-supply to be attributed to all Station Power load in the Netting Period.

If at the end of the Netting Period the ISO determines that the Generator used Third Party Supply to serve Station Power load, then the ISO will bill the UDC's SC instead of the Generator's SC for the load-based charges associated with the Third Party Supply. The UDC will then bill the generator for retail service to the extent that Third Party Supply is determined to have served Station Power.

**DETAILED EXAMPLE OF
STATION POWER SELF-SUPPLY¹⁸****REVISED – MARCH 9, 2005**

This example begins with a hypothetical resource configuration that is shown in Figure 1.¹⁹ Three units are assumed to be under common ownership, and each unit is assumed to be eligible to participate in the self-supply of Station Power (i.e., each unit is subject to an MSS Agreement or Participating Generator Agreement, and a Meter Service Agreement for ISO Metered Entities).

Unit 1 and Unit 2 are each interconnected with the ISO Controlled Grid, and each of these units can physically serve its own Station Power without using the ISO Controlled Grid. Unit 3 is assumed to be interconnected through CPUC jurisdictional facilities at a distribution voltage level. Therefore, Unit 3 relies on CPUC distribution facilities to either remotely supply Station Power of Units 1 and 2, or for Units 1 or 2 to remotely supply the Station Power of Unit 3.

The purpose of this example is to illustrate the process from forward scheduling through assignment of Energy to each Station Power Load ID at the end of the Netting Period. All load-based charges will apply to Station Power load unless it is “permitted netting” (e.g., as shown in Hour 1 for Unit 1) or On-Site Self Supply, in which case the Access Charge does not apply.²⁰

Two scenarios are considered. Tables 1-1 through 1-4 present a case in which both On-Site and Remote Self-Supply are involved, but no Third Party Supply is used.²¹ Tables 2-1 through 2-4 illustrate a case in which Third Party Supply is used.

Table 1-1 identifies several assumptions, including Energy and Station Power Schedules. As shown, balanced Schedules are still required. Table 1-2 demonstrates that the self-supply of Station Power has no effect on Imbalance Energy settlement. To illustrate, consider Hour 1, where Unit 1 is scheduled for 40 MWh, and since the unit is expected to operate, “permitted netting” is planned and no Station Power is scheduled. The gross output of Unit 1 is 37 MWh in

¹⁸ Note that this example is for illustrative purposes, and is subject to future revision as may be required by ongoing internal ISO review, as well as comments from stakeholders.

¹⁹ Relevant background for this example is available at <http://www.caiso.com/docs/2004/12/22/2004122214392120932.html>

²⁰ As has been noted, the owner's SC will be assessed all load-based charges except the Access Charge for Station Power load served by On-Site Self-Supply, and for all charges including the Access Charge for Station Power served by Remote Self-Supply. The UDC's SC will be assessed all load-based charges including the Access Charge for Station Power load served by Third Party Supply.

²¹ This example assumes ten hours in the Netting Period. Meter data will actually be assigned to load IDs by 5-minute metering interval.

Hour 1, and Station Power is 1.3 MWh. The metered Energy reported for Unit 1 is the net amount of 35.7 MWh. Table 1-2 shows that since Unit 1 was scheduled to generate 40 MWh, an imbalance of 4.3 MWh occurs, and is charged at the applicable zonal Energy price. No charges accrue to the 1.3 MWh of netted Station Power.

Table 1-1 shows that Unit 3 was scheduled to deliver 25 MWh in Hour 1, but generates no Energy. Table 1-2 shows that both the 2 MWh of Station Power consumed by Unit 3, and the 25 MWh of undelivered Energy are charged for Imbalance Energy.²² Table 1-3 shows the attribution of Remote Self Supply and Third Party Supply. Unit 3 generates no Energy over the netting period, and its Station Power is deemed to be remotely supplied by Units 1 and 2 as shown.

Table 1-4 shows the actual Station Power, metered Station Power, and the assignment of metered Station Power to the On-Site Self Supply, Remote Self Supply and Third Party Supply Load IDs. Table 1-4 also shows the use of CPUC distribution facilities for Remote Self Supply to Unit 3.

The results for the second case are similar, except Third Party Supply is involved. The only difference in assumptions is that while Unit 2 is assumed to generate 47 MWh in Hour 1 in Table 1-1, it is assumed to generate 0 MWh in Hour 1 in Table 2-1. This reduces the net Generation available for use as Remote Self Supply in Table 2-3 (as compared to Table 1-3). Table 2-4 shows that all 23 MWh of Station Power load used by Unit 2, and 3.4 MWh used by Unit 3, are deemed to be Third Party Supply that is charged to the responsible UDC through the Third Party Supply Load ID.

Since Unit 3 Station Power is always served via CPUC distribution facilities, the 16.6 MWh of Remote Self Supply is subject to the appropriate CPUC jurisdictional charges for use of distribution facilities. All 20 MWh of Station Power supplied to Unit 3 are subject to CPUC charges for use of distribution facilities (3.4 MWh of bundled retail service, and 16.6 MWh of Remote Self Supply for which distribution service must be arranged with the responsible UDC.²³)

²² If no outage is reported, then an Uninstructed Deviation Penalty (UDP) may apply to Unit 3's deviation, net of the Tolerance Band. The self-supply of Station Power has no impact on how UDP would operate.

²³ As noted on page 4 of the February 25 Status Report and Update, the "owner-applicant must have arranged terms of service with the responsible UDC for the use of any distribution facilities required to self-supply Station Power."

ISO-Controlled Grid

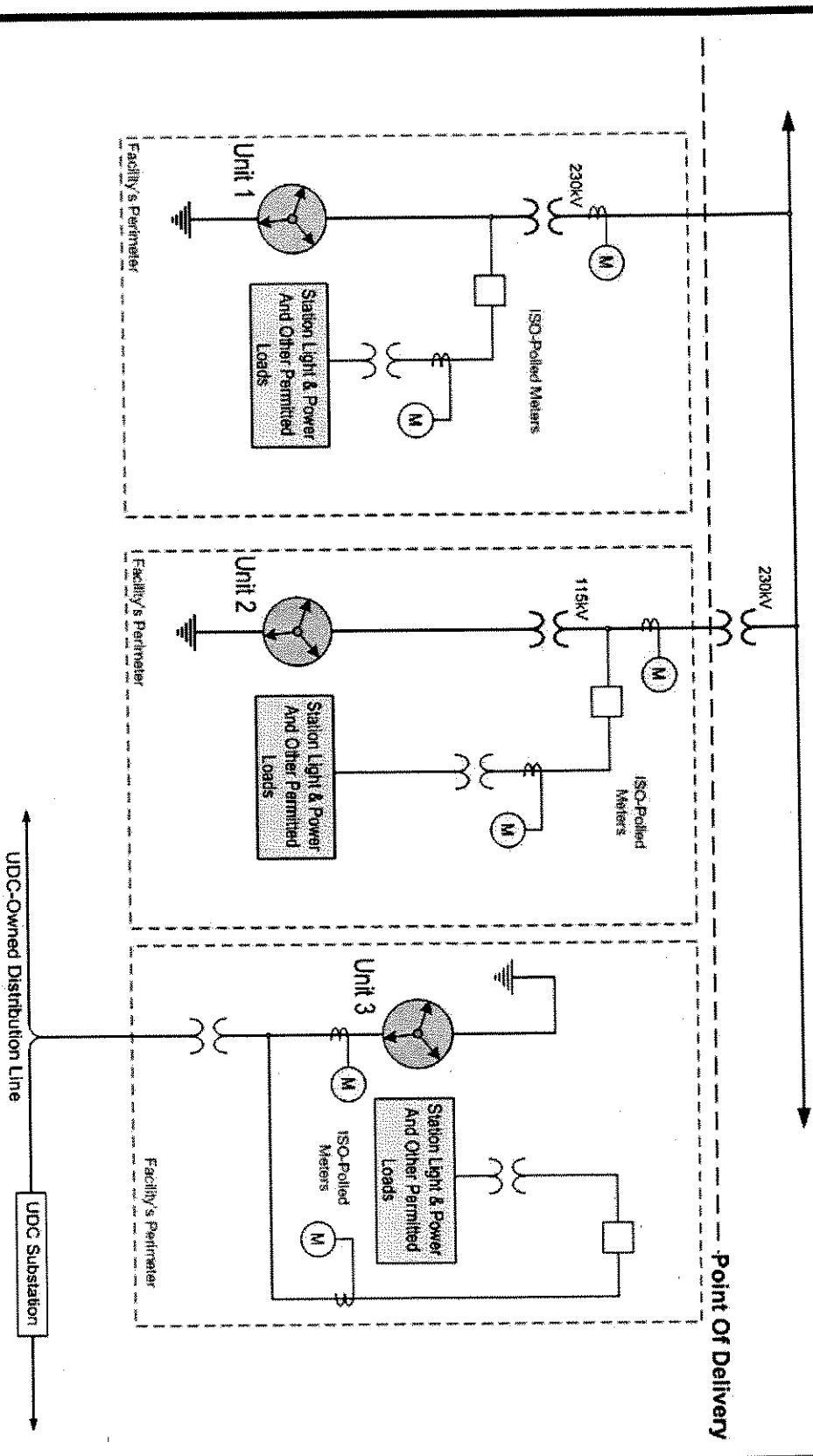


Figure 1
Station Power Example

Jacraj: Figure 1 Station Power Examples / Rev 03/09/05

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Self-Supply using CPUC Distribution Facilities; NO THIRD PARTY SUPPLY											9-Mar-05
TABLE 1- 1											
SCHEDULING, METERING AND FACILITIES USED											Assumptions are
FOR STATION POWER											Shaded:
Description	Hour										
	1	2	3	4	5	6	7	8	9	10	
SCHEDULES											
Generation Schedules (MWh)											
Unit 1	40	0	0	0	0	0	0	0	0	0	0
Unit 2	50	0	0	0	0	0	0	0	0	0	0
Unit 3	25	0	0	0	0	0	0	0	0	0	0
Other Gen/Imports/Trades/(MWh)	0	35	35	35	35	35	35	35	35	35	35
Total Supply Scheduled	115	35	35	35	35	35	35	35	35	35	35
Station Power Schedules (MWh)											
Unit 1	0	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	
Unit 2	0	3	3	3	2	3	3	2	1	3	
Unit 3	0	2	2	2	2	2	2	2	2	2	
Other Load/Exports (MWh)	115	28.9	28.8	28.7	29.6	28.5	28.4	29.3	30.2	28.1	
Total Load/Exports (MWh)	115	35	35	35	35	35	35	35	35	35	
METER VALUES											
Gross Generation											
Unit 1	37	0	0	0	0	0	0	0	0	0	
Unit 2	47	0	0	0	0	0	0	0	0	0	
Unit 3	0	0	0	0	0	0	0	0	0	0	
Actual Station Power											
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2	2	2	2	
Unit 2	1	2	3	2	2	3	3	2	2	3	
Unit 3	2	2	2	2	2	2	2	2	2	2	
Net Metered Output											
Unit 1	35.7	-2.4	-2.1	-1.9	-2.3	-2.4	-2	-2	-2	-2	
Unit 2	46	-2	-3	-2	-2	-3	-3	-2	-2	-3	
Unit 3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
Metered Station Power											
Unit 1	0	2.4	2.1	1.9	2.3	2.4	2	2	2	2	
Unit 2	0	2	3	2	2	3	3	2	2	3	
Unit 3	2	2	2	2	2	2	2	2	2	2	
FACILITIES USED											
Station Power Service Attribution	Type of Self-Supply	ISO Controlled Grid	CPUC Jurisdictional Distribution								
Unit 1 / Unit 1	On-Site	No	No								
Unit 2 / Unit 2	On-Site	No	No								
Unit 3 / Unit 3	On-Site	No	No								
Unit 1 / Unit 2	Remote	Yes	No								
Unit 1 / Unit 3	Remote	Yes	Yes								
Unit 2 / Unit 3	Remote	Yes	Yes								

Self-Supply using CPUC Distribution Facilities; NO THIRD PARTY SUPPLY											9-Mar-05
TABLE 1-2											
IMBALANCE ENERGY SETTLEMENT											Assumptions are
FOR STATION POWER											Shaded:
Description	Hour										Totals
	1	2	3	4	5	6	7	8	9	10	
Station Power Imbalances (MWh)											
Unit 1	0	-1.3	-0.9	-0.6	-0.9	-0.9	-0.4	-0.3	-0.2	-0.1	-5.6
Unit 2	0	1	0	1	0	0	0	0	-1	0	1
Unit 3	-2	0	0	0	0	0	0	0	0	0	-2
Totals	-2	-0.3	-0.9	0.4	-0.9	-0.9	-0.4	-0.3	-1.2	-0.1	-6.6
Generation Imbalances (MWh)											
Unit 1	-4.3	0	0	0	0	0	0	0	0	0	-4.3
Unit 2	-4	0	0	0	0	0	0	0	0	0	-4
Unit 3	-25	0	0	0	0	0	0	0	0	0	-25
Totals	-33.3	0	0	0	0	0	0	0	0	0	-33.3
Zonal Energy Price (\$/MWh)											
Unit 1	10	35	40	40	40	40	40	40	40	40	365
Unit 2	20	45	40	40	40	40	60	60	60	60	465
Unit 3	20	45	40	40	40	40	60	60	60	60	465
Totals	50	125	120	120	120	120	160	160	160	160	1295
Payment (Charge) for Station Power Imbalances (\$)											
Unit 1	\$0	(\$46)	(\$36)	(\$24)	(\$36)	(\$36)	(\$16)	(\$12)	(\$8)	(\$4)	(\$218)
Unit 2	\$0	\$45	\$0	\$40	\$0	\$0	\$0	\$0	(\$60)	\$0	\$25
Unit 3	(\$40)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$40)
Totals	(\$40)	(\$0)	(\$36)	\$16	(\$36)	(\$36)	(\$16)	(\$12)	(\$68)	(\$4)	(\$233)
Payment (Charge) for Generation Imbalances (\$)											
Unit 1	(\$43)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43)
Unit 2	(\$80)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$80)
Unit 3	(\$500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$500)
Totals	(\$623)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$623)
Net Imbalance Energy Settlement (\$)											
Unit 1	(\$43)	(\$46)	(\$36)	(\$24)	(\$36)	(\$36)	(\$16)	(\$12)	(\$8)	(\$4)	(\$261)
Unit 2	(\$80)	\$45	\$0	\$40	\$0	\$0	\$0	\$0	(\$60)	\$0	(\$55)
Unit 3	(\$540)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$540)
Total	(\$663)	(\$0)	(\$36)	\$16	(\$36)	(\$36)	(\$16)	(\$12)	(\$68)	(\$4)	(\$856)
Grand Total Net Imbalance Energy (\$)	(\$856)										

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Self-Supply using CPUC Distribution Facilities; NO THIRD PARTY SUPPLY

9-Mar-05

TABLE 1-3
ASSIGNMENT OF REMOTE SELF-SUPPLY AND THIRD PARTY SUPPLY
TO UNITS AND HOURS

Unit / Load	Hours										(1) Monthly Net Generation	(2) Total Station Power Draws	(3) Rank for Allocation	(4) Allocation of Third Party Supply	(5) Remote Self-Supply
	1	2	3	4	5	6	7	8	9	10					
Unit 1	35.7	-2.4	-2.1	-1.9	-2.3	-2.4	-2.0	-2.0	-2.0	-2.0	16.6	-19.1	NA	0	0
Unit 2	46.0	-2.0	-3.0	-2.0	-2.0	-3.0	-3.0	-2.0	-2.0	-3.0	24	-22	NA	0	0
Unit 3	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-20	-20	NA	0	20
Total											20.6	-61.1		0	20

(6) Allocation of 3rd Party Supply

Time Period	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Total											0

(8) Remote Service Allocation Percentages

Source of Remote Supply	Available Net Generation	Percentage
Unit 1	16.6	41%
Unit 2	24	59%
Unit 3	0	0%
Total	40.6	100%

(7) Allocation of Remote Self-Supply

Time Period	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20
Total											20

"Netting Period" in this example is 10 hours.

(9) Sources of Station Power Service

Supplied to UNIT 1 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	20.4
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	20.4

Supplied to UNIT 2 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	23.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	23.0

Supplied to UNIT 3 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	8.2
Unit 2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	11.8
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0

- Notes:
- (1) Monthly Net Generation is Gross Generation less Gross Load over the Netting Period. If the value is positive for an individual unit, then On-Site Self Supply is attributed to serving that unit's Station Power load for the month. If the value for any individual unit is negative, then Station Power load exceeded On-Site Self Supply in the Netting Period for each such unit (i.e., a deficit in On-Site Self Supply existed). If the Total for the portfolio is positive, then Remote Self Supply is attributed to serving any deficits in On-Site Self Supply. To the extent that the Total for the portfolio is negative, then Third Party Supply has served Station Power in the portfolio.
 - (2) The Station Power Draw is net Station Power load when a unit is off line, or generating less than its Station Power load. Total Station Power Draws represent the total Station Power Load excluding the Station Power that is netted when the Unit is operating. In any hour with positive net Generation, the Station Power Draw is zero.
 - (3) When Third Party Supply is used, the magnitude of the Total Station Power Draws in the Netting Period is used to allocate Third Party Supply to each unit. The unit with the highest Total Station Power Draws will be allocated Third Party Supply until its negative Monthly Net Generation is fully served. If Third Party Supply remains to be allocated, then it is allocated to the unit with the second highest Total Station Power Draws, and so on until the Third Party Supply is completely allocated.
 - (4) The result of the assignment of Third Party Supply to each unit as described in Note 3 is shown here.
 - (5) Remote Self-Supply is attributed to serving any remaining Monthly Net Generation that is not assigned Third Party Supply as described in Note 3.
 - (6) The amount of Third Party Supply assigned to each unit is distributed pro rata to the time periods in which each such unit had a Station Power Draw. The assignment to each time period is: (Station Power Draw in that time period / Total Station Power Draws for that Unit) X Allocation of Third Party Supply to that unit. The unit/time period allocation is to be used for rebating the cost of wholesale power.
 - (7) Remote Self-Supply is assigned to each hour in the Netting Period as the difference between the Station Power load to be served and the amount of Third Party Supply assigned in that hour.
 - (8) Remote Supply is assumed to be provided in proportion to the Net Generation from each Unit. This assumption is for illustration only – other allocation rules could be applied.
 - (9) The Total supplied to each unit is equal to the Station Power used by that unit in that hour. If the unit had net Generation, then all Station Power is supplied by that unit. Third Party Supply is calculated according to Note 6. The Remote Supply is the total amount allocated in accordance with Note 7, assigned to each unit in proportion to the percentages described in Note 8.

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Self-Supply using CPUC Distribution Facilities; NO THIRD PARTY SUPPLY												9-Mar-05
TABLE 1- 4 END OF MONTH ASSIGNMENT OF OF STATION POWER FOR SETTLEMENT												
Description	Hour										Totals	
	1	2	3	4	5	6	7	8	9	10		
(1) Actual Station Power Load (MWh)												
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	20.4
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	3.0	23.0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0
(2) Total Metered Station Power Load - excluding permitted netting (MWh)												
Unit 1	0.0	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	19.1
Unit 2	0.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	3.0	22.0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0
(3) Energy Reported via "On-Site Self-Supply Load ID" (MWh)												
Unit 1	0.0	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	19.1
Unit 2	0.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	3.0	22.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) Energy Reported on "Remote Self-Supply Load ID" (MWh)												
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0
(5) Energy Reported via "Third Party Supply Load ID" (MWh)												
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(6) CPUC Distribution Charges for Self-Supply (MWh)												
Unit 1 / Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2 / Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3 / Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 1 / Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 1 / Unit 3	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	8.2
Unit 2 / Unit 3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	11.8
Notes:												
(1) Total Station Power consumed in each hour by each unit in this example. (Meter data will in fact be recorded in 5-minute intervals.)												
(2) Total Station Power <u>net</u> of Station Power served by contemporaneous On-Site Self Supply (i.e., permitted netting under MP 2.2.4.3).												
(3) Load based charges <u>excluding</u> the Access Charge will be charged to the owner's SC on Station Power meter data assigned to the On-Site Self-Supply Load ID.												
(4) Load based charges <u>including</u> the Access Charge will be charged to the owner's SC on Station Power meter data assigned to the Remote Self-Supply Load ID.												
(5) Load based charges <u>including</u> the Access Charge will be charged to the UDC's SC on Station Power meter data assigned to the Third Party Supply Load ID. The UDC will then charge the Generating Unit owner for this Energy at the appropriate retail tariff.												
(6) These MWh quantities represent the Energy that is self-supplied using CPUC jurisdictional distribution facilities. The UDC will assess the appropriate charges for such use in addition to charges for Third Party Supply.												

Self-Supply using CPUC Distribution Facilities; WITH THIRD PARTY SUPPLY											9-Mar-05
TABLE 2-1											
SCHEDULING, METERING AND FACILITIES USED											Assumptions are
FOR STATION POWER											Shaded: <input type="checkbox"/>
Description	Hour										
	1	2	3	4	5	6	7	8	9	10	
SCHEDULES											
Generation Schedules (MWh)											
Unit 1	40	0	0	0	0	0	0	0	0	0	0
Unit 2	50	0	0	0	0	0	0	0	0	0	0
Unit 3	25	0	0	0	0	0	0	0	0	0	0
Other Gen/Imports/Trades/(MWh)	0	35	35	35	35	35	35	35	35	35	35
Total Supply Scheduled	115	35	35	35	35	35	35	35	35	35	35
Station Power Schedules (MWh)											
Unit 1	0	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	
Unit 2	0	3	3	3	2	3	3	2	1	3	
Unit 3	0	2	2	2	2	2	2	2	2	2	
Other Load/Exports (MWh)	115	28.9	28.8	28.7	29.6	28.5	28.4	29.3	30.2	28.1	
Total Load/Exports (MWh)	115	35	35	35	35	35	35	35	35	35	
METER VALUES											
Gross Generation											
Unit 1	37	0	0	0	0	0	0	0	0	0	0
Unit 2	0	0	0	0	0	0	0	0	0	0	0
Unit 3	0	0	0	0	0	0	0	0	0	0	0
Actual Station Power											
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2	2	2	2	
Unit 2	1	2	3	2	2	3	3	2	2	3	
Unit 3	2	2	2	2	2	2	2	2	2	2	
Net Metered Output											
Unit 1	35.7	-2.4	-2.1	-1.9	-2.3	-2.4	-2	-2	-2	-2	
Unit 2	-1	-2	-3	-2	-2	-3	-3	-2	-2	-3	
Unit 3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
Metered Station Power											
Unit 1	0	2.4	2.1	1.9	2.3	2.4	2	2	2	2	
Unit 2	1	2	3	2	2	3	3	2	2	3	
Unit 3	2	2	2	2	2	2	2	2	2	2	
FACILITIES USED											
Station Power Service Attribution	Type of Self-Supply	ISO Controlled Grid	CPUC Jurisdictional Distribution								
Unit 1 / Unit 1	On-Site	No	No								
Unit 2 / Unit 2	On-Site	No	No								
Unit 3 / Unit 3	On-Site	No	No								
Unit 1 / Unit 2	Remote	Yes	No								
Unit 1 / Unit 3	Remote	Yes	Yes								
Unit 2 / Unit 3	Remote	Yes	Yes								

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9-Mar-05

Self-Supply using CPUC Distribution Facilities; WITH THIRD PARTY SUPPLY

TABLE 2- 2
IMBALANCE ENERGY SETTLEMENT
FOR STATION POWER

Assumptions are
 Shaded:

Description	Hour										Totals
	1	2	3	4	5	6	7	8	9	10	
Station Power Imbalances (MWh)											
Unit 1	0	-1.3	-0.9	-0.6	-0.9	-0.9	-0.4	-0.3	-0.2	-0.1	-5.6
Unit 2	-1	1	0	1	0	0	0	0	-1	0	0
Unit 3	-2	0	0	0	0	0	0	0	0	0	-2
Totals	-3	-0.3	-0.9	0.4	-0.9	-0.9	-0.4	-0.3	-1.2	-0.1	-7.6
Generation Imbalances (MWh)											
Unit 1	-4.3	0	0	0	0	0	0	0	0	0	-4.3
Unit 2	-50	0	0	0	0	0	0	0	0	0	-50
Unit 3	-25	0	0	0	0	0	0	0	0	0	-25
Totals	-79.3	0	0	0	0	0	0	0	0	0	-79.3
Zonal Energy Price (\$/MWh)											
Unit 1	10	35	40	40	40	40	40	40	40	40	365
Unit 2	20	45	40	40	40	40	60	60	60	60	465
Unit 3	20	45	40	40	40	40	60	60	60	60	465
Totals	50	125	120	120	120	120	160	160	160	160	1295
Payment (Charge) for Station Power Imbalances (\$)											
Unit 1	\$0	(\$46)	(\$36)	(\$24)	(\$36)	(\$36)	(\$16)	(\$12)	(\$8)	(\$4)	(\$218)
Unit 2	(\$20)	\$45	\$0	\$40	\$0	\$0	\$0	\$0	(\$60)	\$0	\$5
Unit 3	(\$40)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$40)
Totals	(\$60)	(\$0)	(\$36)	\$16	(\$36)	(\$36)	(\$16)	(\$12)	(\$68)	(\$4)	(\$253)
Payment (Charge) for Generation Imbalances (\$)											
Unit 1	(\$43)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43)
Unit 2	(\$1,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,000)
Unit 3	(\$500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$500)
Totals	(\$1,543)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,543)
Net Imbalance Energy Settlement (\$)											
Unit 1	(\$43)	(\$46)	(\$36)	(\$24)	(\$36)	(\$36)	(\$16)	(\$12)	(\$8)	(\$4)	(\$261)
Unit 2	(\$1,020)	\$45	\$0	\$40	\$0	\$0	\$0	\$0	(\$60)	\$0	(\$995)
Unit 3	(\$540)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$540)
Total	(\$1,603)	(\$0)	(\$36)	\$16	(\$36)	(\$36)	(\$16)	(\$12)	(\$68)	(\$4)	(\$1,796)
Grand Total Net Imbalance Energy (\$)	(\$1,796)										

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Self-Supply using CPUC Distribution Facilities; WITH THIRD PARTY SUPPLY

9-Mar-05

TABLE 2-3
ASSIGNMENT OF REMOTE SELF-SUPPLY AND THIRD PARTY SUPPLY
TO UNITS AND HOURS

Unit / Load	Hours										(1) Monthly Net Generation	(2) Total Station Power Draws	(3) Rank for Allocation	(4) Allocation of Third Party Supply	(5) Remote Self-Supply
	1	2	3	4	5	6	7	8	9	10					
Unit 1	35.7	-2.4	-2.1	-1.9	-2.3	-2.4	-2.0	-2.0	-2.0	-2.0	16.6	-19.1	NA	0	0
Unit 2	-1.0	-2.0	-3.0	-2.0	-2.0	-3.0	-3.0	-2.0	-2.0	-3.0	-23	-23	1	23	0
Unit 3	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-20	-20	2	3.4	16.6
Total											-26.4	-62.1		26.4	16.6

(6) Allocation of 3rd Party Supply

Time Period	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	23
Unit 3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.4
Total											26.4

(8) Remote Service Allocation Percentages

Source of Remote Supply	Available Net Generation	Percentage
Unit 1	16.6	100%
Unit 2	0	0%
Unit 3	0	0%
Total	16.6	100%

(7) Allocation of Remote Self-Supply

Time Period	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Unit 3	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	16.6
Total											16.6

"Netting Period" in this example is 10 hours.

(9) Sources of Station Power Service

Supplied to UNIT 1 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	20.4
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	20.4
Supplied to UNIT 2 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	23.0
Total	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	3.0	23.0
Supplied to UNIT 3 by:	1	2	3	4	5	6	7	8	9	10	Total
Unit 1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	16.6
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Supply	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.4
Total	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0

Notes:

- (1) Monthly Net Generation is Gross Generation less Gross Load over the Netting Period. If the value is positive for an individual unit, then On-Site Self Supply is attributed to serving that unit's Station Power load for the month. If the value for any individual unit is negative, then Station Power load exceeded On-Site Self Supply in the Netting Period for each such unit (i.e., a deficit in On-Site Self Supply existed). If the Total for the portfolio is positive, then Remote Self Supply is attributed to serving any deficits in On-Site Self Supply. To the extent that the Total for the portfolio is negative, then Third Party Supply has served Station Power in the portfolio.
- (2) The Station Power Draw is net Station Power load when a unit is off line, or generating less than its Station Power load. Total Station Power Draws represent the total Station Power Load excluding the Station Power that is netted when the Unit is operating. In any hour with positive net Generation, the Station Power Draw is zero.
- (3) When Third Party Supply is used, the magnitude of the Total Station Power Draws in the Netting Period is used to allocate Third Party Supply to each unit. The unit with the highest Total Station Power Draws will be allocated Third Party Supply until its negative Monthly Net Generation is fully served. If Third Party Supply remains to be allocated, then it is allocated to the unit with the second highest Total Station Power Draws, and so on until the Third Party Supply is completely allocated.
- (4) The result of the assignment of Third Party Supply to each unit as described in Note 3 is shown here.
- (5) Remote Self-Supply is attributed to serving any remaining Monthly Net Generation that is not assigned Third Party Supply as described in Note 3.
- (6) The amount of Third Party Supply assigned to each unit is distributed pro rata to the time periods in which each such unit had a Station Power Draw. The assignment to each time period is: (Station Power Draw in that time period / Total Station Power Draws for that Unit) X Allocation of Third Party Supply to that unit. The unit/time period allocation is to be used for rebating the cost of wholesale power.
- (7) Remote Self-Supply is assigned to each hour in the Netting Period as the difference between the Station Power load to be served and the amount of Third Party Supply assigned in that hour.
- (8) Remote Supply is assumed to be provided in proportion to the Net Generation from each Unit. This assumption is for illustration only -- other allocation rules could be applied.
- (9) The Total supplied to each unit is equal to the Station Power used by that unit in that hour. If the unit had net Generation, then all Station Power is supplied by that unit. Third Party Supply is calculated according to Note 6. The Remote Supply is the total amount allocated in accordance with Note 7, assigned to each unit in proportion to the percentages described in Note 8.

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Self-Supply using CPUC Distribution Facilities; WITH THIRD PARTY SUPPLY												9-Mar-05
TABLE 2- 4												
END OF MONTH ASSIGNMENT OF												
OF STATION POWER FOR SETTLEMENT												
Description	Hour										Totals	
	1	2	3	4	5	6	7	8	9	10		
(1) Actual Station Power Load (MWh)												
Unit 1	1.3	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	20.4
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	2.0	3.0	23.0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0
(2) Total Metered Station Power Load - excluding permitted netting (MWh)												
Unit 1	0.0	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	19.1
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	2.0	3.0	23.0
Unit 3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	20.0
(3) Energy Reported via "On-Site Self-Supply Load ID" (MWh)												
Unit 1	0.0	2.4	2.1	1.9	2.3	2.4	2.0	2.0	2.0	2.0	2.0	19.1
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(4) Energy Reported on "Remote Self-Supply Load ID" (MWh)												
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	16.6
(5) Energy Reported via "Third Party Supply Load ID" (MWh)												
Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2	1.0	2.0	3.0	2.0	2.0	3.0	3.0	2.0	2.0	2.0	3.0	23.0
Unit 3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.4
(6) CPUC Distribution Charges for Self-Supply (MWh)												
Unit 1 / Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 2 / Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 3 / Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 1 / Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unit 1 / Unit 3	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	16.6
Unit 2 / Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Notes:												
(1) Total Station Power consumed in each hour by each unit in this example. (Meter data will in fact be recorded in 5-minute intervals.)												
(2) Total Station Power <u>net</u> of Station Power served by contemporaneous On-Site Self Supply (i.e., permitted netting under MP 2.2.4.3).												
(3) Load based charges <u>excluding</u> the Access Charge will be charged to the owner's SC on Station Power meter data assigned to the On-Site Self-Supply Load ID.												
(4) Load based charges <u>including</u> the Access Charge will be charged to the owner's SC on Station Power meter data assigned to the Remote Self-Supply Load ID.												
(5) Load based charges <u>including</u> the Access Charge will be charged to the UDC's SC on Station Power meter data assigned to the Third Party Supply Load ID. The UDC will then charge the Generating Unit owner for this Energy at the appropriate retail tariff.												
(6) These MWh quantities represent the Energy that is self-supplied using CPUC jurisdictional distribution facilities. The UDC will assess the appropriate charges for such use in addition to charges for Third Party Supply.												

**PROPOSED TARIFF CHANGES²⁴
FOR SELF-SUPPLY OF STATION POWER SERVICE**

This draft tariff language to implement proposed terms for the self-supply of Station Power has been developed in consultation with stakeholders. The ISO posted the initial draft of the proposed tariff language on March 11, 2005. This draft reflects several changes based on a conference call with stakeholders on March 16, 2005 and the ISO's additional internal review. ISO internal review continues, and additional changes for clarity and conformance to existing FERC policy may be made. Changes since the original draft language was published include the following:

- 1) A revised definition of Transmission Revenue Credit has been included to address the loss of transmission revenue caused by the exemption from the Access Charge provided to Station Power Load served by On-Site Self-Supply.
- 2) Section 7.1.4 has been revised to recognize that a Scheduling Coordinator will be billed the Wheeling Access Charge when the associated Station Power meter is not connected to the system of a UDC or MSS that is a PTO. If the Station Power meter is connected to the system of a UDC or MSS that is a PTO, it would be included in Gross Load and subject to the Access Charge. In the interest of providing for the correct outcome in either case, SPP 4.1.1 and 4.1.2 have been revised to refer to the Access Charge and the Wheeling Access Charge.
- 3) The administrative charge described in Schedule 5 of Appendix F has been clarified, and a \$500 application charge has been added. The disposition of the collected revenues is also described.
- 4) References to "auxiliary load" have been revised to refer to Station Power for consistency. Additional conforming changes are being considered for the Appendices to the Metering Protocol.
- 5) SPP 1.3.2 has been revised to parallel language used in the Midwest ISO tariff as accepted by FERC on March 22, 2005.

²⁴ Changes to existing tariff language are shown in **bold underline**. New sections are noted.

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ISO TARIFF

7.1 Access Charges.

All Market Participants withdrawing Energy from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 7.1 and Appendix F, Schedule 3, except as provided in SPP 4.1.

7.1.4 Wheeling

Any Scheduling Coordinator or other entity scheduling a Wheeling transaction shall pay to the ISO the product of (i) the applicable Wheeling Access Charge, and (ii) the total hourly schedules of Wheeling in kilowatt-hours for each month at each Scheduling Point associated with that transaction, except as provided in SPP 4.1.

**ISO TARIFF APPENDIX A
MASTER DEFINITIONS SUPPLEMENT**

**“Control Area
Gross Load”**

For the purpose of calculating and billing Minimum Load Costs, Emission Costs Charge and Start-Up Fuel Costs Charge, Control Area Gross Load is all Demand for Energy within the ISO Control Area. Control Area Gross Load shall not include Energy consumed by:

- (a) Station Power that is netted pursuant to MP 2.2.4.3 or MP 2.3.5 generator auxiliary Load equipment that is dedicated to the production of Energy and is electrically connected at the same point as the Generating Unit (e.g., Load equipment that is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected will not be considered to be electrically connected at the same point); and
- (b) Load that is isolated electrically from the ISO Control Area (i.e., Load that is not synchronized with the ISO Control Area).

“Gross Load”

For the purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads

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directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory. Gross Load shall exclude 1) Load with respect to which the Wheeling Access Charge is payable, 2) Load that is exempt from the Access Charge pursuant to SPP 4.1, and 3) the portion of the Load of an individual retail customer of a UDC or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed TRR will be provided by each Participating TO to the ISO.

“ISO Metered Entity”

- a) any one of the following entities that is directly connected to the ISO Controlled Grid:
- i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to MP 2.2.4.3 or MP 2.3.5~~Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point~~) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource; or
 - v. a utility that requests that UFE for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other utilities.

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- “Net Output”** The gross Energy output from a Generating Unit less the Station Power requirements for such Generating Unit during the Netting Period, or the Energy available to provide Remote Self-Supply from a generating facility in another Control Area during the Netting Period. *(new definition)*
- “Netting Period”** A calendar month, representing the interval over which the Net Output of one or more generating resources in a Station Power Portfolio is available to be attributed to the self-supply of Station Power in that Station Power Portfolio. *(new definition)*
- “On-Site Self-Supply”** Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load without use of the ISO Controlled Grid during the Netting Period. *(new definition)*
- “Remote Self-Supply”** Positive Net Output from generating resources in the Station Power Portfolio that is deemed to have self-supplied Station Power load of other Generating Units in the Station Power Portfolio during the Netting Period, where such self-supply requires use of the ISO Controlled Grid. *(new definition)*
- “Station Power”** Energy for operating electric equipment, or portions thereof, located on the Generating Unit site owned by the same entity that owns the Generating Unit, which electrical equipment is used exclusively for the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are owned by the same entity that owns the Generating Unit; located on the Generating Unit site; and used exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit. Station Power includes the Energy associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero real power output to provide Regulation or Spinning Reserve. Station Power does not include any Energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a Black Start procedure. Station Power does not include Energy to serve loads outside the ISO Control Area. *(new definition)*

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“Station Power Portfolio”

One or more generating resources eligible to self-supply Station Power, including Generating Units in the ISO Control Area, and generating facilities outside the ISO Control Area, all of which are owned by the same entity. *(new definition)*

“Third Party Supply”

Energy that is deemed to have been purchased from third parties to supply Station Power load during the Netting Period. *(new definition)*

Transmission Revenue Credit

For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols **and any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. and the Participating TO's first rate case following the filing of Amendment** . For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols **and any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. and the Participating TO's first rate case following the filing of Amendment** . After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

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ISO TARIFF APPENDIX F
SCHEDULE 5
STATION POWER CHARGES
(New Schedule)

The ISO shall assess a charge of \$500 to the Scheduling Coordinator representing the owner of one or more Generating Units that submits an application to establish a Station Power Portfolio or to change the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio. If the generating facilities in a single Station Power Portfolio are scheduled by more than one Scheduling Coordinator, then the Scheduling Coordinator representing the most installed capacity shall be assessed the application charge.

A charge of \$200 will be assessed to the SC of Generating Units that have Station Power meters each time the ISO is required to shift meter data to a unique load identifier pursuant to the Station Power Protocol. For example, if a Scheduling Coordinator has two Station Power meters, and both Remote Self Supply and Third Party Supply is attributed to each Station Power meter in a single Netting Period, then the ISO must shift meter data to a total of four unique load identifiers and the charge would be \$800 in that month (2 meters X 2 load IDs X \$200).

All revenue collected by the ISO pursuant to this Schedule 5 shall be considered "Other Revenues" and applied as a credit to the Grid Management Charge revenue requirement in accordance with Schedule 1 of Appendix F.

METERING PROTOCOL

MP 2.2.4.3 Netting

(a) Permitted Netting

ISO Metered Entities may, when providing Meter Data to the ISO pursuant to this MP 2.2, net values for Generating Unit output and **Station Power** ~~auxiliary~~-Load equipment electrically connected to that Generating Unit at the same point provided that the Generating Unit is on-line and is producing sufficient output to serve all of that **Station Power** ~~auxiliary~~-**Load** equipment. For example, where a Generating Unit's **Station Power** ~~auxiliary~~-**Load** equipment is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected, that Generating Unit and **Station Power** ~~auxiliary~~-**Load** equipment will not be considered to be electrically connected at the same point.

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(b) Prohibited Netting

ISO Metered Entities may self-supply Station Power as provided in the Station Power Protocol, but may not net values for Generating Unit output and Load. ISO Metered Entities that serve third party Load connected to a Generating Unit's auxiliary system must add that third party Load to the Generating Unit's output. The ISO Metered Entity may add that third party Load to the Generating Unit's output either by means of a hard wire local meter connection between the metering systems of the third party Load and the Generating Unit or by requesting the ISO to use MDAS to perform the addition. The ISO Metered Entity must ensure that the third party Load has Metering Facilities that meet the standards referred to in the ISO Tariff and this Protocol.

MP 2.3.5 Netting**(a) Permitted Netting**

SCs may, when providing Settlement Quality Meter Data to the ISO pursuant to this MP 2.3, net values for Generating Unit output and Station Power auxiliary Load equipment electrically connected to that Generating Unit at the same point, provided that the Generating Unit is on-line and is producing sufficient output to serve all of that Station Power Load.

STATION POWER PROTOCOL (SPP)*(New Protocol)***SPP 1 General Conditions****SPP 1.1 Procurement**

Station Power may be voluntarily self-supplied through a) permitted netting as provided in the Metering Protocol MPP 2.2.4.3 or MP 2.3.5 using Energy generated contemporaneously at the same location, b) On-Site Self Supply or c) Remote Self Supply. Third Party Supply may serve Station Power only to the extent permissible under the rules and regulations of the applicable Local Regulatory Authority.

SPP 1.2 Eligibility

SPP 1.2.1 Only Station Power loads associated with Generating Units in the ISO Control Area that are part of an approved Station Power Portfolio may be self-supplied in accordance with this SPP. Each Generating Unit must be subject to a PGA, QF PGA, or MSS Agreement. Any generating facility outside the ISO Control Area owned by the same entity is eligible to provide Remote Self-Supply to Station Power loads, subject to the terms of this SPP. Generating Units wishing to self-supply Station Power shall complete the application process

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specified in SPP 2.

SPP 1.2.2 Station Power may be self-supplied by a single corporate entity, government agency, or joint powers agency or other legal entity organized under the laws of the State of California. A Station Power Portfolio may not include any facilities that are owned by the owner's corporate affiliates. In the case of a joint powers agency, a Station Power Portfolio may not include facilities independently owned by one or more members or other legally distinct entities. If an entity owns a portion of a jointly owned Generating Unit, such ownership share may be included in a Station Power Portfolio up to the amount of the associated entitlement to Energy from the jointly-owned Generating Unit provided that: (i) the entity has the right to call upon that Energy for its own use; and (ii) the Energy entitlement is not characterized as a sale from the jointly owned Generating Unit to any of its joint owners.

SPP 1.2.3 Net Output from generating facilities outside the ISO Control Area may be included in a Station Power Portfolio and used as a source of Remote Self-Supply to serve Station Power of Generating Units in the ISO Control Area and part of the Station Power Portfolio, so long as the following conditions are fulfilled:

- (a) Imports of Net Output must be scheduled using an interchange ID specified by the ISO;
- (b) Import Schedules using such interchange ID do not exceed the available Net Output of such generating facilities in any hour;
- (c) Firm transmission service to a Scheduling Point that assures delivery into the ISO Control Area is secured; and
- (d) Meter data for generating facilities located outside the ISO Control Area shall be subject to ISO audit to verify performance in accordance with these requirements.

SPP 1.3 Limitations

SPP 1.3.1 Station Power supplied by contemporaneous on-site Generation is treated as permitted netting under Section 2.2.4.3 and 2.3.5 of the Metering Protocol of the ISO Tariff. This SPP neither expands opportunities for nor imposes additional conditions on permitted netting. In accordance with the Metering Protocol such contemporaneous self-supplied Station Power need not be scheduled with the ISO.

SPP 1.3.2 Self-supply of Station Power shall be strictly voluntary. Nothing in this SPP is intended to: 1) preclude a Generating Unit from purchasing Station Power pursuant to an applicable retail rate or tariff; or 2) supercede otherwise applicable jurisdiction of a Local Regulatory Authority, except in the event of a conflict between federal and state tariff provisions, in which case the federal tariff

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provisions will control.

SPP 2 Station Power Requirements and Review

SPP 2.1 Applications to Self-Supply Station Power

An application to establish a Station Power Portfolio or to modify the configuration of Station Power meters or the Generating facilities included in a Station Power portfolio must be submitted according to the process specified by the ISO and posted on the ISO Home Page, and shall include the following information:

- (a) One-line diagrams clearly showing the location and ownership of all Generating Units and Station Power meters, their connection to the ISO Controlled Grid or distribution system, and the status of breakers and switchgear for normal system operation.
- (b) Identification of any generating facilities outside the ISO Control Area, to be used to provide Remote Self Supply of Station Power within the proposed Station Power Portfolio. No loads associated with generating facilities outside the ISO Control Area may be supplied under this SPP.
- (e) Certification that the applicant is the sole owner of all generating facilities proposed to be included in the Station Power Portfolio, and that the applicant has the right to call on Energy for its own use from its ownership share of any jointly owned facilities that are proposed to be used to self supply Station Power.
- (f) Demonstration that each Station Power meter is certified in accordance with the ISO Tariff.
- (g) Verification that each Station Power meter is subject to a Meter Service Agreement for ISO Metered Entities, and that each Generating Unit is bound to the ISO Tariff by a PGA, QF PGA, or MSS Agreement.
- (h) Verification that the applicant has arranged for terms of service with the responsible UDC or MSS Operator for the use of any distribution facilities required to self-supply Station Power.

SPP 2.2 ISO Monitoring and Review

SPP 2.2.1 The ISO will take the following actions with respect to each application to establish a Station Power Portfolio:

- (a) The ISO shall post on the ISO Home Page a listing of the specific Station Power meters and Generating Units located in the ISO Control Area, and any generating facilities outside the ISO Control Area, that

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compose each Station Power Portfolio, and which are eligible to participate in the self supply of Station Power in accordance with this SPP.

- (b) The ISO will provide the appropriate UDC or MSS Operator and the Local Regulatory Authority with one-line diagrams and other information regarding each application.
- (c) The ISO will make a determination in consultation with the UDC or MSS Operator and the Local Regulatory Authority on the factual question of whether distribution facilities are involved in the requested self-supply of Station Power. Any disputes regarding such determinations shall be subject to the dispute resolution procedures of this ISO Tariff.
- (d) The ISO will verify metering schemes and assign unique load identifiers consistent with the ISO Data Templates and Validation Rules that the Scheduling Coordinator responsible for each meter will be required to use for scheduling and settlement.

SPP 2.2.2 No changes may be made to the metering configuration or identity of any generating facilities included in a Station Power Portfolio unless they are approved 30 days in advance by the ISO. The ISO will have an ongoing right to request additional information reasonably necessary to verify that conditions on the self-supply of Station Power as specified in this SPP are met.

SPP 3 Self-Supply Verification and ISO Charges

SPP 3.1 Self-Supply Verification

At the end of each Netting Period, the ISO will calculate the Net Output for each Generating Unit in the Station Power Portfolio. If the Net Output is positive, then all Station Power associated with that Generating Unit, other than load netted in accordance with the Metering Protocol, will have been served by On-Site Self Supply. Any positive Net Output from facilities in the Station Power Portfolio will be available to provide Remote Self Supply to any Generating Unit with negative Net Output. If the available Remote Self Supply is less than the aggregate negative Net Output in the Station Power Portfolio, then such shortfall will be deemed to have been served by Third Party Supply. The ISO will incorporate these determinations in its accounting and billing for the Netting Period by reassigning Station Power to unique load identifiers for Remote Self Supply and Third Party Supply, as required.

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SPP 3.2 Charges on Metered Demand

Station Power that is not eligible for permitted netting in accordance with MP 2.2.4.3 or MP 2.3.5 must be scheduled in accordance with the ISO Tariff, and will be assessed all charges applicable to metered Demand under the ISO Tariff, except as provided in SPP 4.1.

SPP 3.3 Administrative Charge

Scheduling Coordinators of Generating Units that have Station Power meters shall be assessed an administrative charge in accordance with Schedule 5 of Appendix F to the ISO Tariff.

SPP 4 Transmission Service

SPP 4.1 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.2 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.3 If the Generating Unit requires the use of distribution facilities or other facilities that are not part of the ISO Controlled Grid, then the Generating Unit will be subject to the appropriate charges of the applicable UDC, MSS Operator or owner of such non-ISO Controlled Grid Facilities.

SPP 5 ENERGY PRICING

All deviations between scheduled and metered Generation or Station Power will be settled at the applicable zonal price. The determination of Net Output and attribution of On-Site Self Supply, Remote Self Supply and Third Party Supply to serving Station Power under this SPP shall apply only to determine whether

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Station Power was self-supplied during the Netting Period and will have no effect on the price of Energy sold or consumed by any facility in the Station Power Portfolio.

SPP 6 METERING

SPP 6.1 In order to self-supply Station Power, a Generating Unit must be subject to a Meter Service Agreement for ISO Metered Entities. A meter certified in accordance with the ISO Tariff is required for Station Power Load. Separate metering is required for any on-site Load that does not meet the definition of Station Power. Under no circumstances may ineligible Loads be included in the meter data collected by the ISO from a Station Power meter.

SPP 6.2 Any costs associated with owning or operating metering or related facilities necessary to self-supply Station Power according to the terms of this SPP are the responsibility of the owner-applicant.

SPP 6.3 A single Scheduling Coordinator must represent the unique load identifiers assigned by the ISO for On-Site Self-Supply and Remote Self-Supply associated with each Station Power meter.

SPP 7 PROVISION OF DATA TO UDC or MSS Operator

The ISO will provide the applicable UDC or MSS Operator with the amount of On-Site Self Supply, Remote Self-Supply, and Third Party Supply serving Station Power at the granularity required to allow the UDC or MSS Operator to assess charges, if any, under the applicable retail tariff(s).



CALIFORNIA ISO

ISO's Proposal for Self-Supply of Station Power

Board of Governors Meeting

March 31, 2005

Eric Leuze

Director of Compliance



Background

- Three other ISOs allow the self-supply of Station Power over a monthly netting period under their FERC tariffs
- Owners of Generating Units can avoid retail purchases of electricity by self-supplying Station Power, providing potential cost savings
- In response to a complaint, FERC directed the ISO to submit a compliance filing to conform the ISO Tariff to FERC's station power precedent.
- The ISO's compliance filing is due April 22, 2005.



What is Station Power?

- “Station Power” is Energy used to operate equipment which is exclusively used to produce electricity
- “Station Power” may include electric equipment, heating, lighting, A/C and office equipment on a Generating Unit site
- “Station Power” excludes Energy used for pumping water into a reservoir (pumped storage) or to power synchronous condensers
- Under the ISO Tariff, Station Power may only be “self-supplied” if the Generating Unit is operating
 - if the unit is off-line, Station Power is purchased under a retail tariff



Definitions

- The **“Netting Period”** is the interval of time over which the total output of a Generating Unit is compared to the Station Power consumed for the purpose of determining whether Station Power was self-supplied
- The **“Net Output”** of a Generating Unit is the total Energy generated less the Station Power consumed over the Netting Period
- If the Net Output is positive, then a Generating Unit is deemed to have used **“On-Site Self-Supply”** to serve its Station Power
- If a single entity owns Generating Units at different locations, separated by the ISO Controlled Grid, then Net Output of one Generating Unit may be used to provide **“Remote Self-Supply”** to a Generating Unit with negative Net Output
- If Net Output is negative and there is no available Remote Self-Supply, then that Station Power is deemed to have been served by **“Third Party Supply”**, which is retail service



Self-Supply of Station Power Existing ISO Tariff vs. FERC Precedent

	Hour 1	Hour 2	Hour 3	Rest of Month (741 hrs)	Monthly Total
Generation (MWh)	200	200	0	0	400
Station Power (MWh)	0.5	0.5	0.5	370.5	372
Net Output (MWh)	199.5	199.5	-0.5	-370.5	28

Self-Supply under the existing ISO Tariff (MWh):

Station Power that is "permitted netting" under the existing ISO Tariff
Energy purchased at retail

1
371

Self-Supply under FERC precedent and the ISO Proposal (MWh):

Station Power that is "permitted netting" under the existing ISO Tariff
Station Power to which "On-Site Self-Supply" is attributed
Energy purchased at retail
Net Output available to be attributed as Remote Self-Supply

1
371
0
28



CALIFORNIA ISO

What is the ISO Proposal?

- Single entity must own all generating facilities included in a Station Power Portfolio
- Critical Determination: “Netting Period” of one calendar month is proposed
- Generating facilities outside ISO Control Area may be used to supply Station Power
- No Access Charge applies to Station Power served by On-Site Self-Supply;
- Proposed elements not specified in the FERC precedent:
 - Administrative charge for each application and for using Remote Self Supply or Third Party Supply
 - All Station Power meters must be ISO certified
 - Participating Generator Agreement, or QF PGA, or Metered Subsystem Agreement required
 - Meter Service Agreement for ISO Metered Entities required



Proposed

Administrative Charges

- Charge of \$500 for each application to establish a Station Power Portfolio or to change the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio
- A charge of \$200 each time the ISO is required to shift meter data to a unique load identifier pursuant to the Station Power Protocol
- All revenue collected by the ISO shall be considered “Other Revenues” and applied as a credit to the Grid Management Charge



How Was the ISO Proposal Developed?

- ISO conducted stakeholder process:
 - ISO published four papers; one-line diagrams; detailed example and spreadsheet model; two drafts of tariff language
 - Five conference calls
 - Three sets of written comments from stakeholders
- ISO made several changes and clarifications in response to stakeholder comments –
However, some stakeholders disagree with the FERC precedent



CALIFORNIA ISO

What Stakeholder Comments Are Reflected in the ISO Proposal?

- Station Power includes Energy used to synchronize a hydroelectric unit at zero power output
- Clarified that program is entirely voluntary, and involves no change in existing rights to net Energy
- Defined eligibility criteria to allow participation by all Generating Units, including those owned by a joint powers agency
- Information regarding proposed self-supply of Station Power will be provided to responsible retail utility and Local Regulatory Authority
- Published detailed examples and accounting rules to show how self-supply will be attributed, including use of distribution facilities subject to state jurisdictional charges
- Included provision to assure recovery of lost retail transmission revenues



What Are the Impacts on Operations and Settlements?

- No change in real-time operations; no right (or need) to undertake uninstructed deviations to self-supply Station Power; no change in Congestion Management
- All deviations by Station Power Loads or associated Generating Units are priced at the appropriate zonal price; all charges except Access Charge billed in accordance with ISO Tariff
- Settlements changes to bill administrative charges and correctly settle Access Charge.
- Principal impact is in meter data processing; changes required to Master File to assign new load identifiers



CALIFORNIA ISO

When Will the Proposal be Implemented?

- Significant burdens on existing ISO settlement system and planned parallel operation with new Settlements and Market Clearing System (SaMC) make deferred implementation desirable
- Management proposes that self-supply of Station Power be implemented after SaMC is in production in 2006
- ISO will implement self-supply of Station Power as ultimately ordered by FERC



Station Power Proposal Motion

Moved,

That the Board of Governors authorizes the ISO to file a compliance filing with FERC providing proposed terms of service for the self-supply of Station Power consistent with the proposal presented in this memorandum and attachments, providing clarifying changes to the draft tariff language as necessary, and providing an implementation date that approximately coincides with full implementation of SaMC, as determined by Management.

Board of Governors

5/31/2005

Self-Supply of Station Power

Moved, that the Board of Governors authorizes the ISO to file a compliance filing with FERC providing proposed terms of service for the self-supply of Station Power consistent with the proposal presented in the Memorandum to the Board dated March 25, 2005, and attachments thereto, providing clarifying changes to the draft tariff language as necessary, and providing an implementation date that approximately coincides with full implementation of the Settlements and Market Clearing system, as determined by Management.

Moved: Cazalet Second: Gage

Board Action: Passed Vote Count: 5-0-0

Cazalet	Y
Gage	Y
Lowe	Y
Willrich	Y
Wiseman	Y

Motion Number: <number>

ATTACHMENT B

6.5 Confidentiality.

All information posted on WEnet shall be subject to the confidentiality obligations contained in Section 20.3 of this ISO Tariff.

6.6 Standards of Conduct.

The ISO and all Market Participants shall comply with their obligations, to the extent applicable, under the standards of conduct set out in 18 C.F.R. §37.

7. TRANSMISSION PRICING.

7.1 Access Charges.

All Market Participants withdrawing Energy from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 7.1 and Appendix F, Schedule 3, except as provided in SPP 4.1. Prior to the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charge for each Participating TO shall be determined in accordance with the principles set forth in this Section 7.1 and in Section 5 of the TO Tariff. The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO's Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement associated with the transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO approved by FERC. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through to 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 in Appendix F of the ISO Tariff.

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory,

7.1.3 Disbursement of High Voltage Access Charge and Transition Charge Revenues.

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

7.1.3.1 [Not Used]

7.1.3.2 [Not Used]

7.1.3.3 [Not Used]

7.1.3.4 [Not Used]

7.1.3.5 [Not Used]

7.1.4 Wheeling.

Any Scheduling Coordinator or other such entity scheduling a Wheeling transaction shall pay to the ISO the product of (i) the applicable Wheeling Access Charge, and (ii) the total hourly schedules of Wheeling in kilowatt-hours for each month at each Scheduling Point associated with that transaction, except as provided in SPP 4.1. Schedules that include Wheeling transactions shall be subject to the Congestion Management procedures and protocols in accordance with Sections 7.2 and 7.3.

7.1.4.1 Wheeling Access Charge. The Wheeling Access Charge shall be determined by the TAC Area and transmission ownership or Entitlement, less all Encumbrances, associated with the Scheduling Point at which the Energy exits the ISO Controlled Grid. The Wheeling

[Page Not Used]

Station Power that is netted pursuant to MP 2.2.4.3 or
MP 2.3.5; and

- (b) Load that is isolated electrically from the ISO Control Area (*i.e.*, Load that is not synchronized with the ISO Control Area).

Converted Rights

Those transmission service rights as defined in Section 2.4.4.2.1 of the ISO Tariff.

Core Reliability Services - Demand Charge

A component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing a basic, non-scalable level of reliable operation for the ISO Control Area and meeting regional and national reliability requirements. The formula for determining the Core Reliability Services – Demand Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

Core Reliability Services – Energy Export Charge

A component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing a basic, non-scalable level of reliable operation for the ISO Control Area and meeting regional and national reliability requirements. The formula for determining the Core Reliability Services – Energy Exports Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

CPUC

The California Public Utilities Commission, or its successor.

Grid Management Charge The ISO monthly charge on all Scheduling Coordinators that provides for the recovery of the ISO's costs listed in Section 8.2 through the eight service charges described in Section 8.3 calculated in accordance with the formula rate set forth in Appendix F, Schedule 1, Part A of this Tariff. The eight charges that comprise the Grid Management Charge consist of: 1) the Core Reliability Services - Demand Charge, 2) the Core Reliability Services – Energy Exports Charge, 3) the Energy Transmission Services Net Energy Charge, 4) the Energy Transmission Services Uninstructed Deviations Charge, 5) the Forward Scheduling Charge, 6) the Congestion Management Charge, 7) the Market Usage Charge, and 8) the Settlements, Metering, and Client Relations Charge.

Grid Operations Charge An ISO charge that recovers Redispatch costs incurred due to Intra-Zonal Congestion in each Zone. These charges will be paid to the ISO by the Scheduling Coordinators, in proportion to their metered Demand within, and metered exports from, the Zone to a neighboring Control Area.

Gross Load For the purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory. Gross Load shall exclude 1) Load with respect to which the Wheeling Access Charge is payable, 2) Load that is exempt from the Access Charge pursuant to SPP 4.1, and 3) the portion of the Load of an individual retail customer of a UDC or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customers site through arrangements as authorized by Section 218

ISO Market

Any of the markets administered by the ISO under the ISO Tariff, including, without limitation, Imbalance Energy, Ancillary Services, and FTRs.

ISO Memorandum Account

The memorandum account established by each California IOU pursuant to California Public Utilities Commission Order D. 96-08-038 date August 2, 1996 which records all ISO startup and development costs incurred by that California IOU.

ISO Metered Entity

- a) any one of the following entities that is directly connected to the ISO Controlled Grid:
- i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to MP 2.2.4.3 or MP 2.3.5) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource; or
 - v. a utility that requests that UFE for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other

<u>Net Output</u>	The gross Energy output from a Generating Unit less the Station Power requirements for such Generating Unit during the Netting Period, or the Energy available to provide Remote Self-Supply from a generating facility in another Control Area during the Netting Period.
<u>Netting Period</u>	A calendar month, representing the interval over which the Net Output of one or more generating resources in a Station Power Portfolio is available to be attributed to the self-supply of Station Power in that Station Power Portfolio.
<u>New Facility</u>	A planned or Existing Generating Unit that requests, pursuant to Section 5.7 of the ISO Tariff, to interconnect or modify its interconnection to the ISO Controlled Grid.
<u>New Facility License</u>	A license issued by a federal, state or Local Regulatory Authority that enables an entity to build and operate a Generating Unit.
<u>New Facility Operator</u>	The owner of a planned New Facility, or its designee.
<u>New High Voltage Facility</u>	A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.2 of Schedule 3 of Appendix F to an Existing High Voltage Facility.
<u>New Participating TO</u>	A Participating TO that is not an Original Participating TO.
<u>Nomogram</u>	A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WECC operating criteria.

**Non-Participating
Generator**

A Generator that is not a Participating Generator.

Non-Participating TO

A TO that is not a party to the TCA or for the purposes of Sections 2.4.3 and 2.4.4 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.

Non-Spinning Reserve

The portion of off-line generating capacity that is capable of being synchronized and Ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.

NRC

The Nuclear Regulatory Commission or its successor.

On-Site Self-Supply

Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load without use of the ISO Controlled Grid during the Netting Period.

Operating Procedures

Procedures governing the operation of the ISO Controlled Grid as the ISO may from time to time develop, and/or procedures that Participating TOs currently employ which the ISO adopts for use.

Remote Self-Supply

Positive Net Output from generating resources in the Station Power Portfolio that is deemed to have self-supplied Station Power load of other Generating Units in the Station Power Portfolio during the Netting Period, where such self-supply requires use of the ISO Controlled Grid.

Replacement Reserve

Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and Ramping to a specified operating level within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

Request for Expedited Interconnection Procedures

A written request, submitted pursuant to Section 5.7.3.1.1 of the ISO Tariff, by which a New Facility Operator can request expedited processing of its Interconnection Application.

Resource-Specific Settlement Interval Ex Post Price

The Resource-Specific Settlement Interval Ex Post Price will equal the Energy-weighted average of the applicable Dispatch Interval Ex Post Prices for each Settlement Interval taking into account each resource's Instructed Imbalance Energy, except Regulation Energy. The Resource-Specific Settlement Interval Ex Post Price shall apply to those resources that are capable of responding to ISO Dispatch Instructions.

Station Power

Energy for operating electric equipment, or portions thereof, located on the Generating Unit site owned by the same entity that owns the Generating Unit, which electrical equipment is used exclusively for the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are owned by the same entity that owns the Generating Unit; located on the Generating Unit site; and used exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit. Station Power includes the Energy associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero real power output to provide Regulation or Spinning Reserve. Station Power does not include any Energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a Black Start procedure. Station Power does not include Energy to serve loads outside the ISO Control Area.

Station Power Portfolio

One or more generating resources eligible to self-supply Station Power, including Generating Units in the ISO Control Area, and generating facilities outside the ISO Control Area, all of which are owned by the same entity.

<u>Take-Out Point</u>	The metering points at which a Scheduling Coordinator Metered Entity or ISO Metered Entity takes delivery of Energy.
<u>Tax Exempt Debt</u>	Municipal Tax Exempt Debt or Local Furnishing Bonds.
<u>Tax Exempt Participating TO</u>	A Participating TO that is the beneficiary of outstanding Tax Exempt Debt issued to finance any electric facilities, or rights associated therewith, which are part of an integrated system including transmission facilities the Operational Control of which is transferred to the ISO pursuant to the TCA.
<u>TCA (Transmission Control Agreement)</u>	The agreement between the ISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the ISO and each Participating TO will discharge their respective duties and responsibilities, as may be modified from time to time.
<u>Third Party Supply</u>	Energy that is deemed to have been purchased from third parties to supply Station Power load during the Netting Period.
<u>Tie Point Meter</u>	A revenue meter, which is capable of providing Settlement Quality Meter Data, at a Scheduling Point or at a boundary between UDCs within the ISO Controlled Grid.
<u>TO (Transmission Owner)</u>	An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
<u>TO Tariff</u>	A tariff setting out a Participating TO's rates and charges for transmission access to the ISO Controlled Grid and whose other terms and conditions are the same as those contained in the document referred to as the Transmission Owners Tariff approved by FERC as it may be amended from time to time.

Tolerance Band

The tolerance band expressed in terms of Energy (MWh) for

the performance requirement for Generating Units, System

Units and imports from dynamically scheduled System

Resources for each Settlement Interval will equal the greater of

Transition Charge The component of the Access Charge collected by the ISO with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3.

Transition Period The period of time established by the California Legislature and CPUC to allow IOUs and Local Publicly Owned Electric Utilities an opportunity to recover Transition Costs or Severance Fees.

Transmission Losses Energy that is lost as a natural part of the process of transmitting Energy from Generation to Load delivered at the ISO/UDC boundary or Control Area boundary.

Transmission Revenue Credit For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols and any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. 68 and the Participating TO's first rate case following the filing of Amendment 68. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols and any differences in retail transmission revenues

resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. 68 and the Participating TO's first rate case following the filing of Amendment 68. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

**TRBA (Transmission
Revenue Balancing
Account)**

A mechanism to be established by each Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3, flow through to transmission customers.

ISO TARIFF APPENDIX F
SCHEDULE 5
STATION POWER CHARGES

The ISO shall assess a charge of \$500 to the Scheduling Coordinator representing the owner of one or more Generating Units that submits an application to establish a Station Power Portfolio or to change the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio. If the generating facilities in a single Station Power Portfolio are scheduled by more than one Scheduling Coordinator, then the Scheduling Coordinator representing the most installed capacity shall be assessed the application charge.

A charge of \$200 will be assessed to the SC of Generating Units that have Station Power meters each time the ISO is required to shift meter data to a unique load identifier pursuant to the Station Power Protocol. For example, if a Scheduling Coordinator has two Station Power meters, and both Remote Self Supply and Third Party Supply is attributed to each Station Power meter in a single Netting Period, then the ISO must shift meter data to a total of four unique load identifiers and the charge would be \$800 in that month (2 meters X 2 load IDs X \$200).

All revenue collected by the ISO pursuant to this Schedule 5 shall be considered "Other Revenues" and applied as a credit to the Grid Management Charge revenue requirement in accordance with Schedule 1 of Appendix F.

of receiving the demand from the ISO or, if that ISO Metered Entity has been granted an exemption from directly interfacing with MDAS pursuant to MP 13, within the time period specified in that exemption.

MP 2.2.4 Format for Data Submission

MP 2.2.4.1 Data Provided Directly From Meters

ISO Metered Entities must ensure that the Meter Data obtained by MDAS directly from their revenue quality meters is raw, unedited and unaggregated Meter Data in kWh and kVarh values. The ISO will be responsible for the validation, editing and estimation of that Meter Data in order to produce Settlement Quality Meter Data.

MP 2.2.4.2 Data Provided From Meter Data Servers

ISO Metered Entities or SCs representing ISO Metered Entities must ensure that the Meter Data provided to MDAS from a Compatible Meter Data Server identifies the relevant ISO Metered Entity and is raw, unedited and unaggregated Meter Data in kWh and kVarh values. The ISO will be responsible for the validation, editing and estimation of that Meter Data in order to produce Settlement Quality Meter Data.

MP 2.2.4.3 Netting

(a) Permitted Netting

ISO Metered Entities may, when providing Meter Data to the ISO pursuant to this MP 2.2, net values for Generating Unit output and Station Power Load electrically connected to that Generating Unit at the same point provided that the Generating Unit is on-line and is producing sufficient output to serve all of that Station Power Load. For example, where a Generating Unit's Station Power Load is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected, that Generating Unit and Station Power Load will not be considered to be electrically connected at the same point.

(b) Prohibited Netting

ISO Metered Entities may self-supply Station Power as provided in the Station Power Protocol, but may not net values for Generating Unit output and Load. ISO Metered Entities that serve third party Load connected to a Generating Unit's auxiliary system must add that third party Load to the Generating Unit's output. The ISO Metered Entity may add that third party Load to the Generating Unit's output either by means of a hard wire local meter connection between the metering systems of the third party Load and the Generating Unit or by requesting the ISO to use MDAS to perform the addition. The ISO Metered Entity must ensure that the third party Load has Metering Facilities that meet the standards referred to in the ISO Tariff and this Protocol.

MP 2.3.5 Netting

(a) Permitted Netting

SCs may, when providing Settlement Quality Meter Data to the ISO pursuant to this MP 2.3, net values for Generating Unit output and Station Power Load electrically connected to that Generating Unit at the same point, provided that the Generating Unit is on-line and is producing sufficient output to serve all of that Station Power Load.

(b) Prohibited Netting

SCs may not net values for Generating Unit output and Load. SCs representing SC Metered Entities that serve third-party Load connected to the auxiliary system of a Generating Unit must ensure that those SC Metered Entities add the Energy consumed by such third-party Load to that Generating Unit's output so as to ensure proper Settlement of that Generating Unit's gross output.

MP 2.3.6 Format for Data Requests

SCs may obtain Settlement Quality Meter Data relating to the SC Metered Entities they represent by requesting extracts from MDAS using the Meter Data Request Format. The ISO will ensure that such data is made available in a timely manner.

MP 2.4 Data Retention by the ISO

The ISO will maintain a record of all:

- (a) Meter Data provided to it;
- (b) Settlement Quality Meter Data provided to it; and
- (c) Settlement Quality Meter Data produced by it,

for a period of 18 months on site at the ISO's facilities and for a period of 10 years in the ISO's archive storage facilities. The ISO will, on reasonable notice, provide an SC with access to Meter Data or Settlement Quality Meter Data provided that the SC requesting access represented the entity that submitted that data at the time the data was submitted to the ISO.

MP 3 CERTIFICATION OF METERING FACILITIES

MP 3.1 ISO Metered Entities

MP 3.1.1 Requirement to Certify

Subject to any exemption granted by the ISO under MP 13, the ISO will not accept Meter Data from an ISO Metered Entity unless that Meter Data is produced by Metering Facilities that are certified in accordance with this Protocol and the ISO Tariff and have a current Certificate of Compliance.

STATION POWER PROTOCOL

STATION POWER PROTOCOL

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STATION POWER PROTOCOL (SPP)

SPP 1 General Conditions

SPP 1.1 Procurement

Station Power may be voluntarily self-supplied through a) permitted netting as provided in the Metering Protocol MPP 2.2.4.3 or MP 2.3.5 using Energy generated contemporaneously at the same location, b) On-Site Self Supply or c) Remote Self Supply. Third Party Supply may serve Station Power only to the extent permissible under the rules and regulations of the applicable Local Regulatory Authority.

SPP 1.2 Eligibility

SPP 1.2.1 Only Station Power loads associated with Generating Units in the ISO Control Area that are part of an approved Station Power Portfolio may be self-supplied in accordance with this SPP. Each Generating Unit must be subject to a PGA, QF PGA, or MSS Agreement. Any generating facility outside the ISO Control Area owned by the same entity is eligible to provide Remote Self-Supply to Station Power loads, subject to the terms of this SPP. Generating Units wishing to self-supply Station Power shall complete the application process specified in SPP 2.

SPP 1.2.2 Station Power may be self-supplied by a single corporate entity, government agency, or joint powers agency or other legal entity organized under the laws of the State of California. A Station Power Portfolio may not include any facilities that are owned by the owner's corporate affiliates. In the case of a joint powers agency, a Station Power Portfolio may not include facilities independently owned by one or more members or other legally distinct entities. If an entity owns a portion of a jointly owned Generating Unit, such ownership share may be included in a Station Power Portfolio up to the amount of the associated entitlement to Energy from the jointly-owned Generating Unit provided that: (i) the entity has the right to call upon that Energy for its own use; and (ii) the Energy entitlement is not characterized as a sale from the jointly owned Generating Unit to any of its joint owners.

SPP 1.2.3 Net Output from generating facilities outside the ISO Control Area may be included in a Station Power Portfolio and used as a source of Remote Self-Supply to serve Station Power of Generating Units in the ISO Control Area and part of the Station Power Portfolio, so long as the following conditions are fulfilled:

- (a) Imports of Net Output must be scheduled using an interchange ID specified by the ISO;
- (b) Import Schedules using such interchange ID do not exceed the available Net Output of such generating facilities in any hour;
- (c) Firm transmission service to a Scheduling Point that assures delivery into the ISO Control Area is secured; and
- (d) Meter data for generating facilities located outside the ISO Control Area shall be subject to ISO audit to verify performance in accordance with these requirements.

SPP 1.3 Limitations

SPP 1.3.1 Station Power supplied by contemporaneous on-site Generation is treated as permitted netting under Section 2.2.4.3 and 2.3.5 of the Metering Protocol of the ISO Tariff. This SPP neither expands opportunities for nor imposes additional conditions on permitted netting. In accordance with the Metering Protocol such contemporaneous self-supplied Station Power need not be scheduled with the ISO.

SPP 1.3.2 Self-supply of Station Power shall be strictly voluntary. Nothing in this SPP is intended to: 1) preclude a Generating Unit from purchasing Station Power pursuant to an applicable retail rate or tariff; or 2) supercede otherwise applicable jurisdiction of a Local Regulatory Authority, except in the event of a conflict between federal and state tariff provisions, in which case the federal tariff provisions will control.

SPP 2 Station Power Requirements and Review

SPP 2.1 Applications to Self-Supply Station Power

An application to establish a Station Power Portfolio or to modify the configuration of Station Power meters or the Generating facilities included in a Station Power portfolio must be submitted according to the process specified by the ISO and posted on the ISO Home Page, and shall include the following information:

- (a) One-line diagrams clearly showing the location and ownership of all Generating Units and Station Power meters, their connection to the ISO Controlled Grid or distribution system, and the status of breakers and switchgear for normal system operation.
- (b) Identification of any generating facilities outside the ISO Control Area, to be used to provide Remote Self Supply of Station Power within the proposed Station Power Portfolio. No loads associated with generating facilities outside the ISO Control Area may be supplied under this SPP.
- (e) Certification that the applicant is the sole owner of all generating facilities proposed to be included in the Station Power Portfolio, and that the applicant has the right to call on Energy for its own use from its ownership share of any jointly owned facilities that are proposed to be used to self supply Station Power.
- (f) Demonstration that each Station Power meter is certified in accordance with the ISO Tariff.
- (g) Verification that each Station Power meter is subject to a Meter Service Agreement for ISO Metered Entities, and that each Generating Unit is bound to the ISO Tariff by a PGA, QF PGA, or MSS Agreement.
- (h) Verification that the applicant has arranged for terms of service with the responsible UDC or MSS Operator for the use of any distribution facilities required to self-supply Station Power.

SPP 2.2 ISO Monitoring and Review

SPP 2.2.1 The ISO will take the following actions with respect to each application to establish a Station Power Portfolio:

- (a) The ISO shall post on the ISO Home Page a listing of the specific Station Power meters and Generating Units located in the ISO Control Area, and any generating facilities outside the ISO Control Area, that compose each Station Power Portfolio, and which are eligible to participate in the self supply of Station Power in accordance with this SPP.
- (b) The ISO will provide the appropriate UDC or MSS Operator and the Local Regulatory Authority with one-line diagrams and other information regarding each application.
- (c) The ISO will make a determination in consultation with the UDC or MSS Operator and the Local Regulatory Authority on the factual question of whether distribution facilities are involved in the requested self-supply of Station Power. Any disputes regarding such determinations shall be subject to the dispute resolution procedures of this ISO Tariff.
- (d) The ISO will verify metering schemes and assign unique load identifiers consistent with the ISO Data Templates and Validation Rules that the Scheduling Coordinator responsible for each meter will be required to use for scheduling and settlement.

SPP 2.2.2 No changes may be made to the metering configuration or identity of any generating facilities included in a Station Power Portfolio unless they are approved 30 days in advance by the ISO. The ISO will have an ongoing right to request additional information reasonably necessary to verify that conditions on the self-supply of Station Power as specified in this SPP are met.

SPP 3 Self-Supply Verification and ISO Charges

SPP 3.1 Self-Supply Verification

At the end of each Netting Period, the ISO will calculate the Net Output for each Generating Unit in the Station Power Portfolio. If the Net Output is positive, then all Station Power associated with that Generating Unit, other than load netted in accordance with the Metering Protocol, will have been served by On-Site Self Supply. Any positive Net Output from facilities in the Station Power Portfolio will be available to provide Remote Self Supply to any Generating Unit with negative Net Output. If the available Remote Self Supply is less than the aggregate negative Net Output in the Station Power Portfolio, then such shortfall will be deemed to have been served by Third Party Supply. The ISO will incorporate these determinations in its accounting and billing for the Netting Period by reassigning Station Power to unique load identifiers for Remote Self Supply and Third Party Supply, as required.

SPP 3.2 Charges on Metered Demand

Station Power that is not eligible for permitted netting in accordance with MP 2.2.4.3 or MP 2.3.5 must be scheduled in accordance with the ISO Tariff, and will be assessed all charges applicable to metered Demand under the ISO Tariff, except as provided in SPP 4.1.

SPP 3.3 Administrative Charge

Scheduling Coordinators of Generating Units that have Station Power meters shall be assessed an administrative charge in accordance with Schedule 5 of Appendix F to the ISO Tariff.

SPP 4 Transmission Service

SPP 4.1 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.2 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.3 If the Generating Unit requires the use of distribution facilities or other facilities that are not part of the ISO Controlled Grid, then the Generating Unit will be subject to the appropriate charges of the applicable UDC, MSS Operator or owner of such non-ISO Controlled Grid Facilities.

SPP 5 ENERGY PRICING

All deviations between scheduled and metered Generation or Station Power will be settled at the applicable zonal price. The determination of Net Output and attribution of On-Site Self Supply, Remote Self Supply and Third Party Supply to serving Station Power under this SPP shall apply only to determine whether Station Power was self-supplied during the Netting Period and will have no effect on the price of Energy sold or consumed by any facility in the Station Power Portfolio.

SPP 6 METERING

SPP 6.1 In order to self-supply Station Power, a Generating Unit must be subject to a Meter Service Agreement for ISO Metered Entities. A meter certified in accordance with the ISO Tariff is required for Station Power Load. Separate metering is required for any on-site Load that does not meet the definition of Station Power. Under no circumstances may ineligible Loads be included in the meter data collected by the ISO from a Station Power meter.

SPP 6.2 Any costs associated with owning or operating metering or related facilities necessary to self-supply Station Power according to the terms of this SPP are the responsibility of the owner-applicant.

SPP 6.3 A single Scheduling Coordinator must represent the unique load identifiers assigned by the ISO for On-Site Self-Supply and Remote Self-Supply associated with each Station Power meter.

SPP 7 PROVISION OF DATA TO UDC or MSS Operator

The ISO will provide the applicable UDC or MSS Operator with the amount of On-Site Self Supply, Remote Self-Supply, and Third Party Supply serving Station Power at the granularity required to allow the UDC or MSS Operator to assess charges, if any, under the applicable retail tariff(s).

ATTACHMENT C

7.1 Access Charges.

All Market Participants withdrawing Energy from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 7.1 and Appendix F, Schedule 3, except as provided in SPP 4.1. Prior to the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charge for each Participating TO shall be determined in accordance with the principles set forth in this Section 7.1 and in Section 5 of the TO Tariff. The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO's Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement associated with the transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO approved by FERC. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through to 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 in Appendix F of the ISO Tariff.

* * *

7.1.4 Wheeling.

Any Scheduling Coordinator or other such entity scheduling a Wheeling transaction shall pay to the ISO the product of (i) the applicable Wheeling Access Charge, and (ii) the total hourly schedules of Wheeling in kilowatt-hours for each month at each Scheduling Point associated with that transaction, except as provided in SPP 4.1. Schedules that include Wheeling transactions shall be subject to the Congestion Management procedures and protocols in accordance with Sections 7.2 and 7.3.

* * *

Control Area Gross Load

For the purpose of calculating and billing Minimum Load Costs, Emission Costs Charge and Start-Up Fuel Costs Charge, Control Area Gross Load is all Demand for Energy within the ISO Control Area. Control Area Gross Load shall not include Energy consumed by:

- (a) Station Power that is netted pursuant to MP 2.2.4.3 or MP 2.3.5 generator auxiliary Load equipment that is dedicated to the production of Energy and is electrically connected at the same point as the Generating Unit (e.g., auxiliary Load equipment that is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected will not be considered to be electrically connected at the same point); and
- (b) Load that is isolated electrically from the ISO Control Area (i.e., Load that is not synchronized with the ISO Control Area).

Gross Load

For the purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory. Gross Load shall exclude 1) Load with respect to which the Wheeling Access Charge is payable, 2) Load that is exempt from the Access Charge pursuant to SPP 4.1, and the portion of the Load of an

individual retail customer of a UDC or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed TRR will be provided by each Participating TO to the ISO.

* * *

ISO Metered Entity

- a) any one of the following entities that is directly connected to the ISO Controlled Grid:
- i. a Generator other than a Generator that sells all of its Energy (excluding any Station Power that is netted pursuant to MP 2.2.4.3 or MP 2.3.5 ~~Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point~~) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of

its Energy from the UDC in whose Service Area it is located; and

(b) any one of the following entities:

- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource; or
- a utility that requests that UFE for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other utilities

* * *

Net Output

The gross Energy output from a Generating Unit less the Station Power requirements for such Generating Unit during the Netting Period, or the Energy available to provide Remote Self-Supply from a generating facility in another Control Area during the Netting Period.

* * *

Netting Period

A calendar month, representing the interval over which the Net Output of one or more generating resources in a Station Power Portfolio is available to be attributed to the self-supply of Station Power in that Station Power Portfolio.

* * *

On-Site Self-Supply

Energy from a Generating Unit that is deemed to have self-supplied all or a portion of its associated Station Power load without use of the ISO Controlled Grid during the Netting Period.

Remote Self-Supply

Positive Net Output from generating resources in the Station Power Portfolio that is deemed to have self-supplied Station Power load of other Generating Units in the Station Power Portfolio during the Netting Period, where such self-supply requires use of the ISO Controlled Grid.

Station Power

Energy for operating electric equipment, or portions thereof, located on the Generating Unit site owned by the same entity that owns the Generating Unit, which electrical equipment is used exclusively for the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are owned by the same entity that owns the Generating Unit; located on the Generating Unit site; and used exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy by the Generating Unit. Station Power includes the

Energy associated with motoring a hydroelectric Generating Unit to keep the unit synchronized at zero real power output to provide Regulation or Spinning Reserve. Station Power does not include any Energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a Black Start procedure. Station Power does not include Energy to serve loads outside the ISO Control Area.

Station Power Portfolio

One or more generating resources eligible to self-supply Station Power, including Generating Units in the ISO Control Area, and generating facilities outside the ISO Control Area, all of which are owned by the same entity.

Third Party Supply

Energy that is deemed to have been purchased from third parties to supply Station Power load during the Netting Period

**Transmission Revenue
Credit**

For an Original Participating TO, the proceeds received from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols and any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. 68 and the Participating TO's first rate case following the filing of Amendment 68. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols and any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. 68 and the Participating TO's first rate case following the filing of Amendment 68. After the 10-year transition period, the New Participating TO Transmission Revenue Credit shall be calculated the same as the Transmission Revenue Credit for the Original Participating TO.

**ISO TARIFF APPENDIX F
SCHEDULE 5
STATION POWER CHARGES**

The ISO shall assess a charge of \$500 to the Scheduling Coordinator representing the owner of one or more Generating Units that submits an application to establish a Station Power Portfolio or to change the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio. If the generating facilities in a single Station Power Portfolio are scheduled by more than one Scheduling Coordinator, then the Scheduling Coordinator representing the most installed capacity shall be assessed the application charge.

A charge of \$200 will be assessed to the SC of Generating Units that have Station Power meters each time the ISO is required to shift meter data to a unique load identifier pursuant to the Station Power Protocol. For example, if a Scheduling Coordinator has two Station Power meters, and both Remote Self Supply and Third Party Supply is attributed to each Station Power meter in a single Netting Period, then the ISO must shift meter data to a total of four unique load identifiers and the charge would be \$800 in that month (2 meters X 2 load IDs X \$200).

All revenue collected by the ISO pursuant to this Schedule 5 shall be considered "Other Revenues" and applied as a credit to the Grid Management Charge revenue requirement in accordance with Schedule 1 of Appendix F.

MP 2.2.4.3 Netting

(a) Permitted Netting

ISO Metered Entities may, when providing Meter Data to the ISO pursuant to this MP 2.2, net values for Generating Unit output and Station Powerauxiliary Load equipment electrically connected to that Generating Unit at the same point provided that the Generating Unit is on-line and is producing sufficient output to serve all of that Station Powerauxiliary Load equipment. For example, where a Generating Unit's Station Powerauxiliary Load equipment is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected, that Generating Unit and Station Powerauxiliary Load equipment will not be considered to be electrically connected at the same point.

(b) Prohibited Netting

ISO Metered Entities may self-supply Station Power as provided in the Station Power Protocol, but may not net values for Generating Unit output and Load. ISO Metered Entities that serve third party Load connected to a Generating Unit's auxiliary system must add that third party Load to the Generating Unit's output. The ISO Metered Entity may add that third party Load to the Generating Unit's output either by means of a hard wire local meter connection between the metering systems of the third party Load and the Generating Unit or by requesting the ISO to use MDAS to perform the addition. The ISO Metered Entity must ensure that the third party Load has Metering Facilities that meet the standards referred to in the ISO Tariff and this Protocol.

* * *

MP 2.3.5 Netting

(a) Permitted Netting

SCs may, when providing Settlement Quality Meter Data to the ISO pursuant to this MP 2.3, net values for Generating Unit output and Station Powerauxiliary Load equipment electrically connected to that Generating Unit at the same point, provided that the Generating Unit is on-line and is producing sufficient output to serve all of that Station Power Load.

(b) Prohibited Netting

SCs may not net values for Generating Unit output and Load. SCs representing SC Metered Entities that serve third-party Load connected to the auxiliary system of a Generating Unit must ensure that those SC Metered Entities add the Energy consumed by such third-party Load to that Generating Unit's output so as to ensure proper Settlement of that Generating Unit's gross output.

* * *

STATION POWER PROTOCOL (SPP)

SPP 1 General Conditions

SPP 1.1 Procurement

Station Power may be voluntarily self-supplied through a) permitted netting as provided in the Metering Protocol MPP 2.2.4.3 or MP 2.3.5 using Energy generated contemporaneously at the same location, b) On-Site Self Supply or c) Remote Self Supply. Third Party Supply may serve Station Power only to the extent permissible under the rules and regulations of the applicable Local Regulatory Authority.

SPP 1.2 Eligibility

SPP 1.2.1 Only Station Power loads associated with Generating Units in the ISO Control Area that are part of an approved Station Power Portfolio may be self-supplied in accordance with this SPP. Each Generating Unit must be subject to a PGA, QF PGA, or MSS Agreement. Any generating facility outside the ISO Control Area owned by the same entity is eligible to provide Remote Self-Supply to Station Power loads, subject to the terms of this SPP. Generating Units wishing to self-supply Station Power shall complete the application process specified in SPP 2.

SPP 1.2.2 Station Power may be self-supplied by a single corporate entity, government agency, or joint powers agency or other legal entity organized under the laws of the State of California. A Station Power Portfolio may not include any facilities that are owned by the owner's corporate affiliates. In the case of a joint powers agency, a Station Power Portfolio may not include facilities independently owned by one or more members or other legally distinct entities. If an entity owns a portion of a jointly owned Generating Unit, such ownership share may be included in a Station Power Portfolio up to the amount of the associated entitlement to Energy from the jointly-owned Generating Unit provided that: (i) the entity has the right to call upon that Energy for its own use; and (ii) the Energy entitlement is not characterized as a sale from the jointly owned Generating Unit to any of its joint owners.

SPP 1.2.3 Net Output from generating facilities outside the ISO Control Area may be included in a Station Power Portfolio and used as a source of Remote Self-Supply to serve Station Power of Generating Units in the ISO Control Area and part of the Station Power Portfolio, so long as the following conditions are fulfilled:

- (a) Imports of Net Output must be scheduled using an interchange ID specified by the ISO;
- (b) Import Schedules using such interchange ID do not exceed the available Net Output of such generating facilities in any hour;
- (c) Firm transmission service to a Scheduling Point that assures delivery into the ISO Control Area is secured; and

- (d) Meter data for generating facilities located outside the ISO Control Area shall be subject to ISO audit to verify performance in accordance with these requirements.

SPP 1.3 Limitations

SPP 1.3.1 Station Power supplied by contemporaneous on-site Generation is treated as permitted netting under Section 2.2.4.3 and 2.3.5 of the Metering Protocol of the ISO Tariff. This SPP neither expands opportunities for nor imposes additional conditions on permitted netting. In accordance with the Metering Protocol such contemporaneous self-supplied Station Power need not be scheduled with the ISO.

SPP 1.3.2 Self-supply of Station Power shall be strictly voluntary. Nothing in this SPP is intended to: 1) preclude a Generating Unit from purchasing Station Power pursuant to an applicable retail rate or tariff; or 2) supercede otherwise applicable jurisdiction of a Local Regulatory Authority, except in the event of a conflict between federal and state tariff provisions, in which case the federal tariff provisions will control.

SPP 2 Station Power Requirements and Review

SPP 2.1 Applications to Self-Supply Station Power

An application to establish a Station Power Portfolio or to modify the configuration of Station Power meters or the Generating facilities included in a Station Power portfolio must be submitted according to the process specified by the ISO and posted on the ISO Home Page, and shall include the following information:

- (a) One-line diagrams clearly showing the location and ownership of all Generating Units and Station Power meters, their connection to the ISO Controlled Grid or distribution system, and the status of breakers and switchgear for normal system operation.
- (b) Identification of any generating facilities outside the ISO Control Area, to be used to provide Remote Self Supply of Station Power within the proposed Station Power Portfolio. No loads associated with generating facilities outside the ISO Control Area may be supplied under this SPP.
- (e) Certification that the applicant is the sole owner of all generating facilities proposed to be included in the Station Power Portfolio, and that the applicant has the right to call on Energy for its own use from its ownership share of any jointly owned facilities that are proposed to be used to self supply Station Power.
- (f) Demonstration that each Station Power meter is certified in accordance with the ISO Tariff.

- (g) Verification that each Station Power meter is subject to a Meter Service Agreement for ISO Metered Entities, and that each Generating Unit is bound to the ISO Tariff by a PGA, QF PGA, or MSS Agreement.
- (h) Verification that the applicant has arranged for terms of service with the responsible UDC or MSS Operator for the use of any distribution facilities required to self-supply Station Power.

SPP 2.2 ISO Monitoring and Review

SPP 2.2.1 The ISO will take the following actions with respect to each application to establish a Station Power Portfolio:

- (a) The ISO shall post on the ISO Home Page a listing of the specific Station Power meters and Generating Units located in the ISO Control Area, and any generating facilities outside the ISO Control Area, that compose each Station Power Portfolio, and which are eligible to participate in the self supply of Station Power in accordance with this SPP.
- (b) The ISO will provide the appropriate UDC or MSS Operator and the Local Regulatory Authority with one-line diagrams and other information regarding each application.
- (c) The ISO will make a determination in consultation with the UDC or MSS Operator and the Local Regulatory Authority on the factual question of whether distribution facilities are involved in the requested self-supply of Station Power. Any disputes regarding such determinations shall be subject to the dispute resolution procedures of this ISO Tariff.
- (d) The ISO will verify metering schemes and assign unique load identifiers consistent with the ISO Data Templates and Validation Rules that the Scheduling Coordinator responsible for each meter will be required to use for scheduling and settlement.

SPP 2.2.2 No changes may be made to the metering configuration or identity of any generating facilities included in a Station Power Portfolio unless they are approved 30 days in advance by the ISO. The ISO will have an ongoing right to request additional information reasonably necessary to verify that conditions on the self-supply of Station Power as specified in this SPP are met.

SPP 3 Self-Supply Verification and ISO Charges

SPP 3.1 Self-Supply Verification

At the end of each Netting Period, the ISO will calculate the Net Output for each Generating Unit in the Station Power Portfolio. If the Net Output is positive, then all Station Power associated with that Generating Unit, other than load netted in accordance with the Metering Protocol, will have been served by On-Site Self Supply. Any positive Net Output from facilities in the Station Power Portfolio will be available to provide Remote Self Supply to any Generating Unit with negative Net Output. If the available

Remote Self Supply is less than the aggregate negative Net Output in the Station Power Portfolio, then such shortfall will be deemed to have been served by Third Party Supply. The ISO will incorporate these determinations in its accounting and billing for the Netting Period by reassigning Station Power to unique load identifiers for Remote Self Supply and Third Party Supply, as required.

SPP 3.2 Charges on Metered Demand

Station Power that is not eligible for permitted netting in accordance with MP 2.2.4.3 or MP 2.3.5 must be scheduled in accordance with the ISO Tariff, and will be assessed all charges applicable to metered Demand under the ISO Tariff, except as provided in SPP 4.1.

SPP 3.3 Administrative Charge

Scheduling Coordinators of Generating Units that have Station Power meters shall be assessed an administrative charge in accordance with Schedule 5 of Appendix F to the ISO Tariff.

SPP 4 Transmission Service

SPP 4.1 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by On-Site Self Supply shall be deemed not to have used the ISO Controlled Grid and shall not be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.2 Station Power Load that is directly connected to the transmission facilities or directly connected to the Distribution System of a UDC or MSS Operator located in a PTO Service Territory and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the Gross Load of the applicable UDC or MSS Operator. Station Power that is served by Wheeling service and that is determined to have been served by Remote Self-Supply or Third Party Supply shall be included in the hourly schedules (in kWh) of the applicable Scheduling Coordinator that are subject to the Wheeling Access Charge.

SPP 4.3 If the Generating Unit requires the use of distribution facilities or other facilities that are not part of the ISO Controlled Grid, then the Generating Unit will be subject to the appropriate charges of the applicable UDC, MSS Operator or owner of such non-ISO Controlled Grid Facilities.

SPP 5 ENERGY PRICING

All deviations between scheduled and metered Generation or Station Power will be settled at the applicable zonal price. The determination of Net Output and attribution of On-Site Self Supply, Remote Self Supply and Third Party Supply to serving Station Power under this SPP shall apply only to determine

whether Station Power was self-supplied during the Netting Period and will have no effect on the price of Energy sold or consumed by any facility in the Station Power Portfolio.

SPP 6 METERING

SPP 6.1 In order to self-supply Station Power, a Generating Unit must be subject to a Meter Service Agreement for ISO Metered Entities. A meter certified in accordance with the ISO Tariff is required for Station Power Load. Separate metering is required for any on-site Load that does not meet the definition of Station Power. Under no circumstances may ineligible Loads be included in the meter data collected by the ISO from a Station Power meter.

SPP 6.2 Any costs associated with owning or operating metering or related facilities necessary to self-supply Station Power according to the terms of this SPP are the responsibility of the owner-applicant.

SPP 6.3 A single Scheduling Coordinator must represent the unique load identifiers assigned by the ISO for On-Site Self-Supply and Remote Self-Supply associated with each Station Power meter.

SPP 7 PROVISION OF DATA TO UDC or MSS Operator

The ISO will provide the applicable UDC or MSS Operator with the amount of On-Site Self Supply, Remote Self-Supply, and Third Party Supply serving Station Power at the granularity required to allow the UDC or MSS Operator to assess charges, if any, under the applicable retail tariff(s).

ATTACHMENT D

**NOTICE SUITABLE FOR PUBLICATION
IN THE FEDERAL REGISTER**

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System) Docket No. ER05-_____
Operator Corporation)

Duke Energy Moss Landing LLC)
v.) Docket No. EL04-130
California Independent System)
Operator Corporation)

[Not Consolidated]

Notice of Filing

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Take notice that, on April 18, 2005, the California Independent System Operator Corporation (ISO) submitted Amendment No. 68 to the ISO Tariff. Amendment No. 68 relates to the self-supply of Station Power, either remotely or on-site, by Generating Units operating under the ISO Tariff. The ISO has served copies of this Amendment on the California Public Utilities Commission, the California Energy Commission, the California Electricity Oversight Board, all parties with effective Scheduling Coordinator Agreements under the ISO Tariff, and all parties on the service list maintained by the Secretary in Docket No. EL04-130.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FEROnlineSupport@ferc.gov or toll-free at (866) 208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the

Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: _____