ISO TARIFF APPENDIX F

Rate Schedules

Schedule 1

Grid Management Charge

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

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

1. The rate for the Control Area Services Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Control Area Gross Load and exports, in MWh.

2. The rate for the Inter-Zonal Scheduling Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path in MWh.

3. The rate for the Market Operations Charge will be calculated by dividing the GMC costs allocated to this service charge by the total purchases and sales of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed) in MWh.

Part B – Quarterly Adjustment, If Required

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

Part C – Costs Recovered through the GMC

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

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

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

adjusted annually for:

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

divided by:

- forecasted annual billing determinant volumes in MWh;

adjusted quarterly for:

- a change in the volume estimate used to calculate the individual Grid Management Charge components, if, on an annual basis, the change is 5% or more.

The Grid Management Charge Revenue Requirement Formula is as follows:

Grid Management Charge Revenue Requirement =

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

Where,

- **Operating Expenses** = O&M Expenses plus Taxes Other Than Income Taxes and Penalties

- **O&M Expenses** = Transmission O&M Expenses (Accounts 560-574) plus Customer Accounting Expenses (Accounts 901-905) plus Customer Service and Informational Expenses (Accounts 906-910) plus Sales Expenses (Accounts 911-917) plus Administrative & General Expenses (Accounts 920-935)
- **Taxes Other Than Income Taxes =** those taxes other than income taxes which relate to ISO operating income (Account 408.1)
- **Penalties** = payments by the ISO for penalties or fines incurred for violation of WSCC reliability criteria (Account 426.3)
- **Debt Service** = for any fiscal year, scheduled principal and interest payments, sinking fund payments related to balloon maturities, repayment of commercial paper notes, net payments required pursuant to a payment obligation, or payments due on any ISO notes. This amount includes the current year accrued principal and interest payments due April 15 of the following year.
- **Coverage Requirement** = 25% of the Senior Lien Debt Service.
- **Senior Lien Debt Service** = all Debt Service that has a first lien on ISO Net Operating Revenues (Account 128 subaccounts).
- **Cash Funded Capital Expenditures** = Post current fiscal year capital additions (Accounts 301-399) funded on a pay-as-you-go basis.
- **Interest Earnings** = Interest earnings on Operating and Capital Reserve balances (Account 419). Interest on bond or note proceeds specifically designated for capital projects or capitalized interest is excluded.
- **Other Revenues** = Amounts booked to Account 456 subaccounts. Such amounts include but are not limited to application fees, WSCC security coordinator reimbursements, and fines assessed and collected by the ISO.
- **Reserve Transfer** = the projected reserve balance for December 31 of the prior year less the Reserve Requirement as adopted by the ISO Board and FERC. If such amount is negative, the amount may be divided by two, so that the reserve is replenished within a two-year period. (Account 128 subaccounts)
- **Reserve Requirement** = 15% of Annual Operating Expenses.

A separate Revenue Requirement shall be established for each component of the Grid Management Charge by developing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories using appropriate allocation methodologies.

Part D – Information Requirements

Budget Schedule

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

Budget Posting

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

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

Annual Filing

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

Periodic Financial reports

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

Part E **[Not used]**

Schedule 2

Other Charges

Voltage Support Service

The user rate per unit of purchased Voltage Support will be calculated in accordance with the formula in ISO Tariff Section 2.5.28.5.

Regulation Service

Regulation Obligation:

The amount of Regulation required will be calculated in accordance with Section 4.1 of the Ancillary Services Requirements Protocol (ASRP).

Regulation Rates:

The formulas for calculating the amount of and charges for Regulation Service are referenced in ISO Tariff Sections 2.5.20.1, 2.5.27, and 2.5.28.

The ISO will calculate the user rate for Regulation in each Zone for each Settlement Period in accordance with Section 2.5.28.1.

Spinning Reserve Service

Spinning Reserve Obligation:

The amount of Spinning Reserve required as a component of Operating Reserves is specified in Section 5.1 of the Ancillary Services Requirements Protocol (ASRP).

Spinning Reserve Rates:

The formulas for calculating the amount of and charges for Spinning Reserve Service are referenced in ISO Tariff Sections 2.5.27.2, 2.5.28.2.

The ISO will calculate the user rate for Spinning Reserve in each Zone for each Settlement Period in accordance with ISO Tariff Section 2.5.28.2.

Non-Spinning Reserve Service

Non-Spinning Reserve Obligation:

The amount of Non-Spinning Reserve required as a component of Operating Reserves is specified in Section 5.1 of the Ancillary Services Requirements Protocol (ASRP).

Non-Spinning Reserve Rates:

The formulas for calculating the amount of and charges for Non-Spinning Reserve Service are referenced in ISO Tariff Sections 2.5.27.3, 2.5.28.3.

The ISO will calculate the user rate for Non-Spinning Reserve in each Zone for each Settlement Period in accordance with ISO Tariff Section 2.5.28.3.

Replacement Reserves

The formulas for calculating the amount of and charges for Replacement Reserve Service are referenced in ISO Tariff Sections 2.5.27.4 and 2.5.28.4.

Black Start Capability

The user rate per unit of purchased Black Start Capability for each Settlement Period will be calculated in accordance with ISO Tariff Section 2.5.28.6.

Imbalance Energy Charges

Rates for Imbalance Energy will be calculated in accordance with the formula in ISO Tariff Section 11.2.4.1.

Replacement Reserve Charge

The Replacement Reserve Charge will be calculated in accordance with ISO Tariff Sections 2.5.28.4 and 11.2.4.1.

Unaccounted for Energy

Rates for UFE will be calculated in accordance with ISO Tariff Section 11.2.4.1.

Transmission Losses Imbalance Charges

Transmission Losses for each hour will be calculated in accordance with ISO Tariff Sections 7.4.2.

Access Charges

The High Voltage Access Charge and Transition Charge is set forth in ISO Tariff Schedule 3 of Appendix F. The Low Voltage Access Charge of each Participating TO is set forth in that Participating TO's TO Tariff or comparable document.

Usage Charges

The amount payable by Scheduling Coordinators is determined in accordance with ISO Tariff Section 7.3.1.4.1. Usage Charges will be calculated in accordance with ISO Tariff Section 7.3.1.

Default Usage Charge

The Default Usage Charge will be used in accordance with ISO Tariff Section 7.3.1.3.

Grid Operations Charge for Intra-Zonal Congestion

Intra-Zonal Congestion during the initial period of operation will be managed in accordance with ISO Tariff Sections 7.2.6.2 and 7.2.6.3

Wheeling Access Charges

The Wheeling Access Charge for transmission service is set forth in Section 7.1.4.1 of the ISO Tariff and Appendix II of the TO Tariffs.

Charge for Failure to Conform to Dispatch Instructions

The Charge for Failure to Conform to Dispatch Instructions will be determined in accordance with ISO Tariff Section 2.5.22.11.

Reliability Must-Run Charge

The Reliability Must-Run Charge will be determined in accordance with ISO Tariff Section 5.2.7.

FERC Annual Charge Recovery Rate

The FERC Annual Charge Recovery Rate will be determined in accordance with ISO Tariff Section 7.5.

Issued by: Roger Smith, Senior Regulatory Counsel
Issued on: December 29, 2000 Effective: January 1, 2001

ISO Tariff Appendix F

Schedule 3

High Voltage Access Charges

1. Objectives and Definitions

1.1 Objectives

(a) The Access Charge will remain utility-specific until a New Participating TO executes the Transmission Control Agreement, at which time the Access Charge will change as discussed below.

(b) The Access Charge is the charge assessed for using the ISO Controlled Grid. It consists of three components, the High Voltage Access Charge (HVAC), the Transition Charge and the Low Voltage Access Charge (LVAC).

(c) The HVAC ultimately will be based on one ISO Grid-wide rate. Initially, the HVAC will be based on TAC Areas, which will transition 10% per year to ISO Grid-wide. In the first year after the Transition Date described in Section 4.2 of this Schedule 3, the HVAC will be a blend based on 10% ISO Grid-wide and 90% TAC Area.

(d) New High Voltage Transmission Facility additions and capital additions to existing High Voltage Transmission Facilities will be immediately included in the ISO Grid-wide component of the HVAC.

(e) The LVAC will remain utility-specific and will be determined by each Participating TO.

(f) The cost-shift associated with transitioning from utility-specific rates to one ISO Grid-wide rate will be mitigated in accordance with the ISO Tariff, including this schedule.

1.2 Definitions

(a) **Master Definition Supplement**

Unless the context otherwise requires, any word or expression defined in the Master Definition Supplement shall have the same meaning where used in this Schedule 3.

(b) **Special Definitions for this Appendix**

When used in this Schedule 3 with initial capitalization, the following terms shall have the meanings specified below.

"Existing High Voltage Transmission Facility" means a High Voltage Transmission Facility of a Participating TO that is not a New High Voltage Transmission Facility.

"High Voltage Utility-Specific Rate" means a Participating TO's High Voltage Transmission Revenue Requirement divided by such Participating TO's forecasted Gross Load.

"TAC Benefit" means (a) the amount, if any, for each year by which the cost of High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the Service Area of, or directly served by, the New Participating TO is reduced by the implementation of the High Voltage Access Charge described in Schedule 3 to Appendix F; reduced by (b) the difference between (i) the amount that the New Participating TO pays for Grid Management Charges; and (ii) the amount that the New Participating TO would have paid for Grid Management Charges had the participant not been a New Participating TO. The TAC Benefit of a New Participating TO shall not be less than zero.

"Transition Date" means the date defined in Section 4.2 of this Schedule.

2. **Assessment of High Voltage Access Charge and Transition Charge.**

All UDCs or MSSs providing Energy delivered for the supply of all Gross Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS, and all Scheduling Coordinators providing Energy delivered for the supply of all Gross Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS shall pay to the ISO a charge for transmission service on the High Voltage Transmission Facilities included in the ISO Controlled Grid. The charge will be based on the High Voltage Access Charge applicable to the TAC Area in which the point of delivery is located and the applicable Transition Charge. A UDC or a MSS that is also a Participating TO shall pay, or receive payment of, if applicable, the difference between (i) the High Voltage Access Charge and Transition Charge applicable to its transactions as a UDC or MSS; and (ii) the disbursement of High Voltage Access Charge revenues to which it is entitled pursuant to Section 7.1.3 of the ISO Tariff.

3. TAC Areas.

3.1 TAC Areas are based on the Control Areas in California prior to the ISO Operations Date. Three TAC Areas will be established based on the Original Participating TOs: (1) a Northern Area consisting of the Service Area of Pacific Gas and Electric Company and the Service Area of any entity listed in Section 3.3 or 3.5 of this Schedule; (2) an East Central Area consisting of the Service Area of Southern California Edison Company and the Service Area of any entity listed in Section 3.4, 3.5 or 3.6 (as indicated therein) of this Schedule 3; and (3) a Southern Area consisting of the Service Area of San Diego Gas & Electric Company. Participating TOs that are not in one of the above cited Service Areas are addressed below.

3.2 If the Los Angeles Department of Water and Power joins the ISO and becomes a Participating TO, its Service Area will form a fourth TAC Area, the West Central Area.

3.3 If any of the following entities becomes a Participating TO, its Service Area will become part of the Northern Area: Sacramento Municipal Utility District, Western Area Power Administration - Sierra Nevada Region, Northern California Power Agency, City of Redding, Silicon Valley Power, City of Palo Alto, City and County of San Francisco, Alameda Bureau of Electricity, City of Biggs, City of Gridley, City of Healdsburg, City of Lodi, City of Lompoc Utility Department, Modesto Irrigation District, Turlock Irrigation District, Plumas County Water Agency, City of Roseville Electric Department, City of Shasta Lake, and City of Ukiah or any other entity owning or having contractual rights to High Voltage or Low Voltage Transmission Facilities in Pacific Gas and Electric Company's Control Area prior to the ISO Operations Date.

3.4 If any of the following entities becomes a Participating TO, its Service Area will become part of the East Central Area: City of Anaheim Public Utility Department, City of Riverside Public Utility Department, City of Azusa Light and Water, City of Banning Electric, City of Colton, City of Pasadena Water and Power Department, The Metropolitan Water District of Southern California and City of Vernon or any other entity owning or having contractual rights to High Voltage or Low Voltage Transmission Facilities in Southern California Edison Company's Control Area prior to the ISO Operations Date.

3.5 If the California Department of Water Resources becomes a Participating TO, its High Voltage Transmission Revenue Requirements associated with High Voltage Transmission Facilities in the Northern Area would become part of the High Voltage Transmission Revenue Requirement for the Northern Area while the remainder would be included in the East Central Area.

3.6 If the City of Burbank Public Service Department (Burbank) and/or the City of Glendale Public Service Department (Glendale) become Participating TOs after or at the same time as the Los Angeles Department of Water and Power becomes a Participating TO, then the Service Area of Burbank and/or Glendale would become part of the West Central Area. Otherwise, if Burbank or Glendale becomes a Participating TO, prior to Los Angeles, its Service Area will become part of the East Central Area. Once either Burbank or Glendale are part of the East Central Area, they will not move to the West Central Area if such area is established.

3.7 If the Imperial Irrigation District or an entity outside the State of California should apply to become a Participating TO, the ISO Governing Board will review the reasonableness of integrating the entity into one of the existing TAC Areas. If the entity cannot be integrated without the potential for significant cost shifts, the ISO Governing Board may establish a separate TAC Area.

4. Transition Date

4.1 New Participating TOs shall provide the ISO with a notice of intent to join and execute the Transmission Control Agreement by either January 1 or July 1 of any year.

4.2 The transition shall begin on either January 1 or July 1 after the date the first New Participating TO's execution of the Transmission Control Agreement takes effect (Transition Date). The Transition Date shall be the same for the Northern Area, East Central Area and the Southern Area. The Transition Date shall also be the same for the West Central Area, should it come into existence in accordance with Section 3.2 of this Schedule 3, unless the ISO provides additional information demonstrating the need for a deferral. The 10-year transition defined in Section 5.8 of Schedule 3 shall start from that date. If the West Central TAC Area is created after the Transition Date, the applicable High Voltage Access Charge shall transition to an ISO Grid-wide High Voltage Access Charge over the period remaining from the Transition Date, on the same schedule as the other TAC Areas.

4.3 **Application to Additional TAC Areas.** For any TAC Areas other than those specified in Section 4.2 created after the Transition Date, including any TAC Area created as a result of the application of Section 3.7, whether and over what period the applicable High Voltage Access Charge shall transition to an ISO Grid-wide charge shall be determined by the ISO Governing Board.

4.4 **Application to Wheeling Access Charges.** The transition described in this Section 4 shall also apply, on the same schedule, to High Voltage Wheeling Access Charges.

5. Determination of the Access Charge.

5.1 The Access Charge consists of a High Voltage Access Charge (HVAC) that is based on a TAC Area component and an ISO Grid-wide component, a Transition Charge, and a Low Voltage Access Charge (LVAC) that is based on a utility-specific rate established by each Participating TO.

5.2 Each Participating TO will develop, in accordance with Section 6 of this Schedule 3, a High Voltage Transmission Revenue Requirement ($HVTRR_{PTO}$) consisting of a Transmission Revenue Requirement for Existing High Voltage Transmission Facility ($EHVTRR_{PTO}$) and a Transmission Revenue Requirement for New High Voltage Transmission Facility ($NHVTRR_{PTO}$). The $HVTRR_{PTO}$ deducts Transmission Revenue Credits.

5.3 Gross Load forecasts, that are consistent with each Participating TO's filed Transmission Revenue Requirement, will be determined by the ISO based on information provided by Participating TOs (GL_{PTO}).

5.4 The HVAC applicable to each UDC, MSS and Scheduling Coordinator, shall be based on a TAC Area component ($HVAC_A$) and an ISO Grid-wide component ($HVAC_I$).

$$HVAC = HVAC_A + HVAC_I$$

5.5 The Existing Transmission Revenue Requirement for the TAC Area component ($ETRR_A$) is the summation of each Participating TO's $EHVTRR_{PTO}$ in that TAC Area. The Gross Load in the TAC Area (GL_A) is the summation of each Participating TO's Gross Load in that TAC Area (GL_{PTO}). The TAC Area component will be based on the product of Existing Transmission Revenue Requirement for the TAC Area ($ETRR_A$) and the applicable annual transition percentage (%TA) in Section 5.8 of this Schedule 3, divided by the Gross Load in the TAC Area (GL_A).

$$ETRR_A = S\ EHVTRR_{PTO}$$

$$GL_A = S\ GL_{PTO}$$

$$HVAC_A = (ETRR_A * \%TA) / GL_A$$

5.6 The Existing Transmission Revenue Requirement for the ISO Grid-wide component ($ETRR_I$) will be the summation of all TAC Areas' $ETRR_A$ multiplied by the applicable annual transition percentage (%IGW) in Section 5.8 of this Schedule 3. The New Transmission Revenue Requirement (NTRR) is the summation of each Participating TO's $NHVTRR_{PTO}$. The ISO Grid-wide component will be based on the $ETRR_I$ plus the NTRR, divided by the summation of all Gross Loads in the TAC Areas (GL_A).

$$ETRR_I = S\ ETRR_A * \%IGW$$

$$HVAC_I = (ETRR_I + NTRR) / S\ GL_A$$

The foregoing formulas will be adjusted, as necessary to take account of new TAC Areas.

5.7 The Transition Charge shall be calculated separately for each Participating TO by dividing (i) the net difference between (1) the Participating TO’s payment responsibility, if any, under Section 8.6 of the ISO Tariff and Section 7 of this Schedule 3; and (2) the amount, if any, payable to the Participating TO in accordance with Section 8.6 of the ISO Tariff and Section 7 of this Schedule 3; by (ii) the total of all forecasted Gross Load in the

Service Area of the Participating TO, including UDCs and MSSs. If greater than zero, the Transition Charge shall be collected with the High Voltage Access Charge. If less than zero, the Transition Charge shall be credited with the High Voltage Access Charge.

5.8 The High Voltage Access Charge shall transition over a 10-year period from TAC Area to ISO Grid-wide. The transition percentage to be used for each year will be based on the following:

Year	TAC Area High Voltage (%TA)	ISO Grid-Wide High Voltage (%IGW)
1	90%	10%
2	80%	20%
3	70%	30%
4	60%	40%
5	50%	50%
6	40%	60%
7	30%	70%
8	20%	80%
9	10%	90%
10	0%	100%

5.9 After the completion of the transition period applicable to a TAC Area, the High Voltage Access Charge for all such TAC Areas which have completed the transition shall be equal to the sum of the High Voltage Transmission Revenue Requirements of all Participating TOs, divided by the sum of the Gross Loads of all Participating TOs.

6 High Voltage Transmission Revenue Requirement.

6.1 The High Voltage Transmission Revenue Requirement of a Participating TO will be determined consistent with ISO procedures posted on the ISO Home Page and shall be the sum of:

(a) the Participating TO's High Voltage Transmission Revenue Requirement (including costs related to Existing Contracts associated with transmission by others and deducting transmission revenues actually expected to be received by the Participating TO related to transmission for others in accordance with Existing Contracts, less the sum of the Standby Transmission Revenues); and

(b) the annual TRBA adjustment, which shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior calendar year's difference between projected and actual credits.

7 Limitation

(a) During each year of the transition period described in Section 4 of this Schedule 3, the increase in the total payment responsibility applicable to deliveries of Energy to Gross Loads in the Service Area of an Original Participating TO attributable to the total for the year of (i) the amount applicable for the Original Participating TO under Section 8.6 of the ISO Tariff; plus (ii) the amount applicable to the implementation of the High Voltage Access Charge; less (iii) the amount by which the GMC payable with respect to deliveries of Energy to Gross Loads in the Service Area of the Original Participating TO is reduced due to the inapplicability to New Participating TOs of the exclusion of certain volumes in the calculation of GMC responsibility in accordance with Schedule 1 to this Appendix F, shall not exceed the amount specified in paragraph (b), below. This limitation shall be calculated individually for each Original Participating TO, provided that, if the net effect of items (i), (ii) and (iii) above is positive for one or more Original Participating TOs for any year, the combined net effect shall be allocated among all Original Participating TOs in proportion to the amounts specified in paragraph (b). This limitation shall be applied by the ISO's calculation annually of amounts payable by New Participating TOs to Original Participating TOs such that the combined effect of items (i), (ii), and (iii) above, and the payments received by each Original Participating TO shall not exceed the amounts specified in paragraph (b). The amount receivable by the Original Participating TO from the New Participating TOs to implement the limitation in paragraph (b) below, shall be credited through the Transition Charge established pursuant to Section 5.7 of this Schedule 3. Payment responsibility under this section, if any, shall be allocated among New Participating TOs in proportion to their positive TAC Benefits.

(b) The maximum annual amounts for Original Participating TO shall be as follows:

(i) For Pacific Gas and Electric Company and Southern California Edison Company, the maximum annual amount shall be thirty-two million dollars ($32,000,000.00) each; and

(ii) For San Diego Gas & Electric Company, the maximum annual amount shall be eight million dollars ($8,000,000.00).

8. Updates to High Voltage Access Charges.

8.1 High Voltage Access Charges shall be adjusted effective January 1 and July 1 of each year to reflect: (1) the addition of any New Participating TO during the preceding six months and (2) changes to the High Voltage Transmission Revenue Requirements of any Participating TO that were accepted or authorized by the FERC, consistent with Section 9 of this Schedule 3, during the preceding six months. In addition, each semi-annual adjustment shall include, as necessary, the following adjustment for High Voltage Access Charge billings in the prior period. Using the High Voltage Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for each Participating TO during each month of the six months, the ISO will recalculate on a monthly basis the High Voltage Access Charge and Transition Charge applicable during such period. For each Participating TO, the ISO will then calculate for each month of the prior six months the difference between the net amount billed to or received by the Participating TO under Section 10.2 of this Schedule 3 and the amount the Participating TO would have received or been billed under Section 10.2 using the High Voltage Access Charge and Transition Charge recalculated in accordance with this Section 8.1. Each Participating TO will reflect this calculated difference in the balancing mechanism that applies to its High Voltage Transmission Revenue Requirement. In the semi-annual adjustment, the ISO will revise the High Voltage Access Charges and the Transition Charges for the subsequent period for each Participating TO to reflect the impact of (1) and (2) above as well as the calculated difference in the prior period billings as described above.

8.2 For service provided by a Participating TO prior to the Transition Date, no refund ordered by FERC or amount accrued to that Participating TO's Transmission Revenue Balancing Account related to such service shall be reflected in the High Voltage Access Charge, Low Voltage Access Charge, the High Voltage Transmission Revenue Requirement, or the Low Voltage Transmission Revenue Requirement of a Participating TO. For service provided by a Participating TO following the Transition Date, any refund associated with a Participating TO's Transmission Revenue Requirement that has been accepted by FERC, subject to refund, shall be included in the Transmission Revenue Balancing Account unless otherwise ordered by FERC.

9. Approval of Updated High Voltage Revenue Requirements

9.1 Participating TOs that are FERC-jurisdictional entities will make the appropriate filings at FERC to establish their Transmission Revenue Requirements for their Low Voltage Access Charges and the applicable High Voltage Access Charges, and to obtain approval of any changes thereto. All such filings with the FERC will include appropriate

Gross Load data and other information required by the FERC to support the Access Charges. The Participating TO will provide a copy of its filing to the ISO.

9.2 If the Participating TO is not subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act, the Participating TO shall at its sole option: (1) file its High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO directly with the Commission in accordance with the rules and requirements established by the Commission; or (2) submit to the ISO its Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO, and the ISO shall publish such submission on the ISO Home Page. For the second option, the High Voltage and Low Voltage Transmission Revenue Requirement shall be submitted in a format and supported by information that substantially follows the FERC requirement for Transmission Revenue Requirement submissions or reconciles major differences in format. If, within 60 days of publication of such submission, the ISO does not raise an objection with the Participating TO, and no affected party raises an objection by written notification to the ISO and the Participating TO, the Transmission Revenue Requirement shall be accepted as submitted. If an objection is raised, the ISO will convene a meeting, the objective of which will be to achieve agreement over the Participating TO's TRR, applying, to the extent practicable, the guidelines and rulings of the FERC applicable to the determination of the TRR of

Participating TOs that are subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. If the ISO determines that a consensual resolution is unlikely, it will so notify the Participating TO and the dispute shall be submitted to a Revenue Review Panel established by the ISO for resolution of the just and reasonable TRR of the Participating TO. The Revenue Review Panel shall consist of three individuals with substantial experience in the establishment of unbundled transmission rates for public utilities. Members of the panel may not have a financial stake in any participant in the California electricity market. The ISO shall establish, modify as necessary and appropriate from time to time, and post on the ISO Home Page rules of procedure for proceedings before the Revenue Review Panel, which rules shall afford the ISO and interested Market Participants the opportunity to participate and to submit information to the panel. In deciding upon a just and reasonable TRR for the Participating TO, the Revenue Review Panel shall, to the extent practicable, apply the guidelines and rulings of the FERC applicable to the determination of the TRR of a Participating TO that is subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. The decision of the panel shall be subject to review and acceptance by the FERC.

9.3 Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their High Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations, including filing with FERC. The procedures for public participation in a federal power marketing agency's ratemaking process shall be posted on the federal power marketing agency's website. The federal power marketing agency's shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's High Voltage Transmission Revenue Requirement.

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

10.1 High Voltage Access Charge and Transition Charge revenues shall be calculated for disbursement to each Participating TOs on a monthly basis as follows:

(a) the amount determined in accordance with Section 7.1.2 of the ISO Tariff ("Billed HVAC/TC");

(b) calculate the amount each UDC or MSS Scheduling Coordinators serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS would have paid and the Participating TO would have received by multiplying the High Voltage Utility-Specific Rates for the Participating TO whose High Voltage Transmission Facilities served such UDC or MSS and Scheduling Coordinators serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS times the actual Gross Load of such UDC's or MSS's and Scheduling Coordinator's serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS ("Utility-specific HVAC");

(c) if the total Billed HVAC/TC in subsection (a) received by the ISO less the total Utility-specific HVAC in subsection (b) is different from zero, the ISO shall allocate the positive or negative difference among Participating TOs based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of the Participating TOs' High Voltage Transmission Revenue Requirement. This monthly distribution amount is the "HVAC Revenue Adjustment";

(d) the sum of the Utility-specific HVAC in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.

10.2 If the same entity is both a Participating TO and a UDC or MSS, then the monthly High Voltage Access Charge and Transition Charge amount billed by the ISO will be the charges payable by the UDC or MSS in accordance with Section 7.1.2 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d). If this difference is negative, that amount will be paid by the ISO to the Participating TO.

10.3 If a Participating TO does not deliver electricity directly to End-Use Customers, prior to any such entity becoming a Participating TO this Section 10 will be amended to specify the method for revenue disbursement to such Participating TO.

ISO Tariff Appendix F

Schedule 4

Participating Intermittent Resources Forecasting Fee

A charge up to $.10 per MWh shall be assessed on the metered Energy from Participating Intermittent Resources. The amount of the charge shall be specified in the technical standards for Participating Intermittent Resources adopted by the ISO and published on the ISO Home Page.