

**2.2.7.3 Limitation on Trading.** A Scheduling Coordinator, UDC or MSS that does not maintain an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, shall maintain security in accordance with Section 2.2.3.2. For the avoidance of doubt, the ISO Security Amount is intended to cover the entity's outstanding and estimated liability for either (i) Grid Management Charge; and/or (ii) Imbalance Energy, Ancillary Services, Grid Operations Charge, Wheeling Access Charge, High Voltage Access Charge, Transition Charge, ~~and Usage Charges,~~ and FERC Annual Charges. Each Scheduling Coordinator, UDC or MSS required to provide an ISO Security Amount under Section 2.2.3.2 shall notify the ISO of the initial ISO Security Amount (separated into amounts securing payment of the Grid Management Charge and amounts securing payments of other charges) that it wishes to provide at least fifteen (15) days in advance and shall ensure that the ISO has received such ISO Security Amount prior to the date the Scheduling Coordinator commences trading or the UDC or MSS commences receiving bills for the High Voltage Access Charge and Transition Charge. A Scheduling Coordinator, UDC or MSS may at any time increase its ISO Security Amount by providing additional guarantees or credit support in accordance with Section 2.2.3.2. A Scheduling Coordinator, UDC or MSS may reduce its ISO Security Amount by giving the ISO not less than fifteen (15) days notice of the reduction, provided that the Scheduling Coordinator, UDC or MSS is not then in breach of this Section 2.2.7.3. The ISO shall release, or permit a reduction in the amount of, such guarantees or other credit support required to give effect to a permitted reduction in the ISO Security Amount as the Scheduling Coordinator, UDC or MSS may select. Following the date on which a Scheduling Coordinator commences trading, the Scheduling Coordinator shall not be entitled to submit a Schedule to the ISO and the ISO may reject any Schedule submitted if, at the time of submission, the Scheduling Coordinator's ISO Security Amount is exceeded by the Scheduling Coordinator's estimated aggregate liability for Imbalance Energy, Ancillary Services, Grid Management Charge, Grid Operations Charge, Wheeling Access Charge, ~~and Usage Charges,~~ and FERC Annual Charges on each Trading Day for which Settlement has not yet been made in accordance with Section 11.3.1 and the Scheduling Coordinator's estimated liability for High Voltage Access Charge and Transition Charge for which Settlement has not yet been made in accordance with Section 11.3. The ISO shall notify a Scheduling Coordinator if at any time such outstanding liability exceeds 90% of the relevant portion of the ISO Security Amount. For the purposes of calculating the Scheduling Coordinator's estimated aggregate liability, the estimate shall include (1) outstanding charges for Trading Days for which Settlement data is available, and (2) an estimate of charges for Trading Days for which Settlement data is not yet available. To estimate charges for Trading Days for which Settlement data is not yet available, the ISO will consider available historical Settlement data, appropriately adjusted to reflect recent market prices and trends, or other available information for individual Scheduling Coordinators.

Following the date on which a UDC or MSS commences operation, the UDC's or MSS's Scheduling Coordinator shall not be entitled to submit a Schedule to the ISO and the ISO may reject any Schedule submitted if, at the time of submission, the UDC's or MSS's ISO Security Amount is exceeded by the UDC's or MSS's estimated aggregate liability for Grid Management Charge, and/or High Voltage Access Charges and Transition Charges for which Settlement has not yet been made in accordance with Section 11.3. The ISO shall notify a UDC or MSS if at any time such outstanding liabilities exceed 90% of the relevant portion of the ISO Security Amount. For the purposes of estimating the UDC's or MSS's aggregate liability for High Voltage Access Charges and Transition Charges, the UDC's or MSS's liability shall be equal to the billed Load (in MWh) for a month in the UDC's or MSS's Service Area (including exports from the Service Area) multiplied by the ISO's estimated High Voltage Access Charge and Transition Charge for that month, as such estimated cost is notified by the ISO to UDCs and MSSs from time to time.

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## **7. TRANSMISSION PRICING.**

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### **7.5 FERC Annual Charges.**

#### **7.5.1 Obligation for FERC Annual Charges.**

**7.5.1.1** Each Scheduling Coordinator shall be obligated to pay for the FERC Annual Charges for its use of the ISO Controlled Grid to transmit electricity, including any use of the ISO Controlled Grid through Existing Contracts scheduled by the Scheduling Coordinator. Any FERC Annual Charges to be assessed by FERC against the ISO for such use of the ISO Controlled Grid shall be assessed against Scheduling Coordinators at the FERC Annual Charge Recovery Rate, as determined in accordance with this Section 7.5. Such assessment shall be levied monthly against all Scheduling Coordinators based upon each Scheduling Coordinator's metered Demand and exports.

**7.5.1.2** Scheduling Coordinators may elect, each year, to pay the FERC Annual Charges assessed against them by the ISO either on a monthly basis or an annual basis. Scheduling

Coordinators that elect to pay FERC Annual Charges on a monthly basis shall make payment for such charges within five (5) Business Days after issuance of the Preliminary Settlement Statement for the last day of the relevant calendar month. Scheduling Coordinators that elect to pay FERC Annual Charges on an annual basis shall make payment for such charges within five (5) Business Days after the ISO issues a notice that it has received a FERC Annual Charge assessment for the relevant year from the FERC. Scheduling Coordinators that elect to pay FERC Annual Charges on an annual basis shall maintain either an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, or shall maintain security in accordance with Section 2.2.3.2.

#### **7.5.2 FERC Annual Charge Trust Account.**

All funds collected by the ISO for FERC Annual Charges shall be deposited in the FERC Annual Charge Trust Account. The FERC Annual Charge Trust Account shall be an interest-bearing account separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time. The ISO shall disburse funds from the FERC Annual Charge Trust Account in order to pay the FERC any and all FERC Annual Charges assessed against the ISO.

#### **7.5.3 Determination of the FERC Annual Charge Recovery Rate.**

7.5.3.1 The FERC Annual Charge Recovery Rate shall be set at the projected total FERC Annual Charge obligation with regard to transactions on the ISO Controlled Grid during the year in which the FERC Annual Charge Recovery Rate is collected, adjusted for interest projected to be earned on the monies in the FERC Annual Charge Trust Account (“Annual Charge Obligation”), divided by the projected Demand and exports during that year for all entities subject to assessment of FERC Annual Charges by the ISO (“Annual Charge Demand”). The FERC Annual Charge Recovery Rate for the period from January 1, 2001 until the first adjustment of the FERC Annual Charge Recovery Rate goes into effect shall be posted on the ISO Home Page at least fifteen (15) days in advance of the date on which the initial rate will go into effect.

7.5.3.2 The ISO may adjust the FERC Annual Charge Recovery Rate on a quarterly basis, as necessary, to reflect the net effect of the following:

- (a) the difference, if any, between actual Annual Charge Demand and projected Annual Charge Demand during the year-to-date;

- (b) the difference, if any, between the projections of the Annual Charge Obligation and the Annual Charge Demand upon which the charge for the year is based and the ISO's most current projections of those values, provided that the projection of the Annual Charge Obligation may only be adjusted on an annual basis for changes in the Federal Energy Regulatory Commission's budget for its electric regulatory program or changes in the projected total transmission volumes subject to assessment of FERC Annual Charges;
- (c) the difference, if any, between actual and projected interest earned on funds in the FERC Annual Charge Trust Account; and
- (d) any positive or negative balances of funds collected for FERC Annual Charges in a previous year after all invoices for FERC Annual Charges for that year have been paid by the ISO, other than those that are addressed through the mechanism described in Section 7.5.3.4.

7.5.3.3 The adjusted FERC Annual Charge Recovery Rate shall take effect on the first day of the calendar quarter. The ISO shall publish all data and calculations used by the ISO as a basis for such an adjustment on the ISO Home Page at least fifteen (15) days in advance of the date on which the new rate shall go into effect.

7.5.3.4 If the FERC Annual Charges assessed by FERC against the ISO for transactions on the ISO Controlled Grid during any year exceed or fall short of funds collected by the ISO for FERC Annual Charges with respect to that year by a range of 10% or less, the ISO shall take such under- or over-recovery into account through an adjustment to the FERC Annual Charge Recovery Rate in accordance with Section 7.5.3.2. Any deficiency of available funds necessary to pay for any assessment of FERC Annual Charges payable by the ISO may be covered by an advance of funds from the ISO's Grid Management Charge, provided any such advanced funds will be repaid. If the ISO's collection of funds for FERC Annual Charges with respect to any year results in an under- or over-recovery of greater than 10%, the ISO shall either assess a surcharge against all active Scheduling Coordinators for the amount under-recovered or shall issue a credit to all active Scheduling Coordinators for the amount over-recovered. Such surcharge or credit shall be allocated among all active Scheduling Coordinators based on the percentage of each active Scheduling Coordinator's metered Demand and exports during the relevant year. For purposes of this section, an "active Scheduling Coordinator" shall be a Scheduling Coordinator certified by the ISO in accordance with Section 2.2 of this ISO Tariff at the time the ISO issues a

surcharge or credit under this section. The ISO will issue any surcharges or credits under this section within 60 days of receiving a FERC Annual Charge assessment from the FERC.

#### **7.5.4 Credits and Debits of FERC Annual Charges Collected from Scheduling Coordinators.**

In addition to the surcharges or credits permitted under Sections 7.5.3 or 11.6.3.3 of this ISO Tariff, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator for any over- or under-assessment of FERC Annual Charges that the ISO determines occurred due to the error, omission, or miscalculation by the ISO or the Scheduling Coordinator.

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#### **11.2.10 Payments Under Section 2.3.5.1 Contracts**

The ISO shall calculate and levy charges for the recovery of costs incurred under contracts entered into by the ISO under the authority granted in Section 2.3.5.1 in accordance with Section 2.3.5.1.8 of this ISO Tariff.

#### **11.2.11 FERC Annual Charge Recovery Rate**

The ISO shall calculate and levy the rates for recovery of FERC Annual Charges in accordance with Section 7.5 of this ISO Tariff.

#### **11.3 Billing and Payment Process.**

**11.3.1** The billing and payment process shall be based on the issuance of Preliminary and Final Settlement Statements for each Settlement Period in each Trading Day.

**11.3.2** Payment for the charges referred to in Section 11.1.6 of the ISO Tariff (except for the charges payable under long term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after issuance of the Preliminary Settlement Statement for the last day of the relevant calendar month. Payment for adjustments will be made five (5) Business Days after issuance of the Final Settlement Statement for the last day of the relevant month.

Payments for FERC Annual Charges will be made in accordance with Section 7.5 of this ISO Tariff.

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## ISO TARIFF APPENDIX A

### Master Definitions Supplement

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#### **FERC Annual Charges**

Those charges assessed against a public utility by the FERC pursuant to 18 C.F.R. § 382.201 and any related statutes or regulations, as they may be amended from time to time.

#### **FERC Annual Charge Recovery Rate**

The rate to be paid by Scheduling Coordinators for recovery of FERC Annual Charges assessed against the ISO for transactions on the ISO Controlled Grid.

#### **FERC Annual Charge Trust Account**

An account to be established by the ISO for the purpose of maintaining funds collected from Scheduling Coordinators for FERC Annual Charges and disbursing such funds to the FERC.

## ISO TARIFF APPENDIX F

### Rate Schedules

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### 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.

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## SETTLEMENT AND BILLING PROTOCOL

### SABP 3.1 Description of Charges to be Settled

The ISO shall, based on the Settlement Quality Meter Data it has received, calculate the following:

- (a) the amount due from each Scheduling Coordinator for its share for the relevant month of the Grid Management Charge in accordance with Appendix A. This Charge shall accrue on a monthly basis.
- (b) the amount due from each Scheduling Coordinator for the Grid Operations Charge in accordance with Appendix B for each of the Settlement Periods of Day 0.
- (c) the amount due from and/or owed to each Scheduling Coordinator for the Charge for each Ancillary Service in accordance with Appendix C, for each of the Settlement Periods of Day 0.
- (d) the amount due from and/or owed to each Scheduling Coordinator for Imbalance Energy in accordance with Appendix D, for each of the Settlement Periods of Day 0.
- (e) the amount due from and/or owed to each Scheduling Coordinator for Usage Charges in accordance with Appendix E, for each of the Settlement Periods of Day 0.
- (f) the amount due from each Scheduling Coordinator for Wheeling Out and Wheeling Through Charges and the amount owed to each Participating TO for these charges in accordance with Appendix F, for each of the Settlement Periods of Day 0.
- (g) the amounts due from/to Scheduling Coordinators for Voltage Support (supplemental reactive power charges) for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (h) the monthly charges due from/to Scheduling Coordinators for long term voltage support provided by Owners of Reliability Must-Run Units in accordance with Appendix G.
- (i) the amounts due from/to Scheduling Coordinators for the provision of Black Start Energy from Reliability Must-Run Units for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (j) the amounts due from/to Black Start Generators for the provision of Black Start Energy for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (k) the amount due from each UDC or MSS, or from a Scheduling Coordinator delivering Energy for the supply of Gross Load not directly connected to the facilities of a UDC or MSS, for the High Voltage Access Charge and Transition Charge in accordance with operating procedures posted on the ISO Home Page. These charges shall accrue on a monthly basis.
- (l) the amounts due from Scheduling Coordinators for FERC Annual Charges.

The ISO shall calculate these amounts using the software referred to in SABP 2.1 except in cases of system breakdown when it shall apply the procedures set out in SABP 9 (Emergency Procedures).

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**SETTLEMENT AND BILLING PROTOCOL  
APPENDIX I**

**Independent System Operator**

**MARKET INVOICE**

CUSTOMER 1  
101 N. Harbor Blvd.  
Anaheim CA 92808  
Please send payment to:

Invoice: 181  
Date: 20-JUN-97  
Customer Number: 1000

1000 South Fremont Avenue  
Building A-11  
Alhambra CA 91803

For all inquiries contact:  
1-800-ISO-HELP

Comments:

Charges settlement date: 20-JUN-97 to 20-JUN-97

<b>Charge Type</b>	<b>Description</b>	<b>Amount</b>
0001	0001-Day-Ahead Spinning Reserve due SC	-\$845.00
0002	0002-Day-Ahead Non-Spinning Reserve due SC	-\$1,025.00
0003	0003-Day-Ahead AGC/Regulation due SC	-\$1,025.00
0004	0004-Day-Ahead Replacement Reserve due SC	-\$1,385.00
0051	0051-Hour-Ahead Spinning Reserve due SC	-\$1,565.00
0052	0052-Hour-Ahead Non-Spinning Reserve due SC	-\$1,745.00
0053	0053-Hour-Ahead AGC/Regulation due SC	-\$1,925.00
0054	0054-Hour-Ahead Replacement Reserve due SC	-\$2,105.00
0101	0101-Day-Ahead Spinning Reserve due ISO	\$22,075.00
0102	0102-Day-Ahead Non-Spinning Reserve due ISO	\$23,935.00
0103	0103-Day-Ahead AGC/Regulation due ISO	\$25,795.00
0104	0104-Day-Ahead Replacement Reserve due ISO	\$27,655.00
0251	0251-Hour-Ahead Intra-Zonal Congestion Settlement due ISO	\$385.00
0252	0252-Hour-Ahead Intra-Zonal Congestion Charge/Refund due ISO	\$4,925.00
0253	0253-Hour-Ahead Inter-Zonal Congestion Settlement due ISO	\$5,285.00
0301	0301-Ex-Post A/S Energy due SC	-\$6,005.00
0302	0302-Ex-Post Supplemental Reactive Power due SC	-\$6,365.00
0303	0303-Ex-Post Replacement Reserve due ISO (Dispatched)	\$6,725.00
0304	0304-Ex-Post Replacement Reserve due ISO (Undispatched)	\$7,085.00

**Invoice Total**

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\_\_\_\_\_

**Independent System Operator**

**FERC FEES INVOICE**

CUSTOMER 1  
101 N. Harbor Blvd.  
Anaheim CA 92808

Please send payment to:

1000 South Fremont Avenue  
Building A-11  
Alhambra CA 91803

Invoice: 181  
Date: 20-JUN-97  
Customer Number: 1000

For all inquiries contact:  
1-800-ISO-HELP

Comments:

Charges settlement date: 20-JUN-97 to 20-JUN-97

<u>Charge Type</u>	<u>Description</u>	<u>Amount</u>
<u>[Charge type to be determined]</u>	_____ FERC Annual Charges due ISO	<u>[Sample charge]</u>
<u>Invoice Total</u>		_____
		_____