

11.2.8 Reliability Must-Run Charges

The ISO shall calculate and levy the charges for Reliability Must-Run Contract costs in accordance with Section 5.2.7 of this ISO Tariff.

11.2.9 Neutrality Adjustments

The ISO shall be authorized to levy additional charges or payments as special adjustments in regard to:

- (a) amounts required to round up any invoice amount expressed in dollars and cents to the nearest whole dollar amount in order to clear the ISO Clearing Account. These charges will be allocated amongst Scheduling Coordinators over an interval determined by the ISO and pro rata based on metered Demand (including exports) during that interval;
- (b) amounts in regard to penalties which may be levied by the ISO in accordance with the ISO Tariff. These charges will be levied on the Market Participants liable for payment of the penalty;
- (c) amounts required to reach an accounting trial balance of zero in the course of the Settlement process in the event that the charges calculated as due from ISO Debtors are lower than payments calculated as due to the ISO Creditors for the same Trading Day. These charges will be allocated amongst the Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh of Energy for that Trading Day. In the event that the charges due from ISO Debtors are higher than the payments due to ISO Creditors, the ISO shall allocate a payment to the

Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh of Energy for that Trading Day;

- (d) amounts required with respect to payment adjustments for regulating Energy as calculated in accordance with Section 2.5.27.1. These charges will be allocated amongst the Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh for that Trading Day; and
- (e) awards payable by or to the ISO pursuant to good faith negotiations or ISO ADR Procedures that the ISO is not able to allocate to or to collect from a Market Participant or Market Participants in accordance with Section 13.5.3.

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 fifty-six (56) Business Days after the last day of the relevant calendar month.

11.3.3 [Not used]

11.3.4 [Not used]

11.4 General Principles for Production of Settlement Statements.

11.4.1 Basis of Settlement.

11.5 Calculation in the Event of Lack of Meter Data for the Balancing of Market Accounts.

Settlements shall not be cleared for final processing until the accounting trial balance is zero. In order to publish a Settlement Statement, the ISO may use estimated, disputed or calculated Meter Data . When actual verified Meter Data is available and all of the disputes raised by Scheduling Coordinators during the validation process described in Section 11.7 of this ISO Tariff have been determined, the ISO shall recalculate the amounts payable and receivable by the affected Scheduling Coordinators or by all Scheduling Coordinators, if applicable, as soon as reasonably practical and shall show any required adjustments as a debit or credit in the next Settlement Statement.

11.6 Settlements Cycle.

11.6.1 Timing of the Settlements Process.

11.6.1.1 The ISO shall provide to each Scheduling Coordinator for validation a Preliminary Settlement Statement of charges payable to or owed by the Scheduling Coordinator within thirty-eight (38) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day.

11.6.1.2 Each Scheduling Coordinator shall have a period of eight (8) Business Days from the issuance of a Preliminary Settlement Statement during which it may review the Preliminary Settlement Statement and notify the ISO of any errors. No later than fifty-one (51) Business Days after the Trading Day to which it relates, the ISO shall issue a Final Settlement Statement to each Scheduling Coordinator for that Trading Day.

11.6.1.3 Each Scheduling Coordinator shall have a period of ten (10) Business Days from the issuance of the Final Settlement Statement during which it may review the Incremental Changes on the Final Settlement Statement and notify the ISO of any errors. No later than twenty-five (25) Business Days from the date of issuance of the Final Settlement Statement, the ISO shall incorporate any required corrections in a subsequent Preliminary Settlement Statement.

11.6.2 Basis for Billing and Payment.

The Final Settlement Statement shall constitute the basis for billing and associated automatic funds transfer in accordance with this ISO Tariff. Each Scheduling Coordinator shall pay any net debit and shall be entitled to receive any net credit shown in an invoice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.

11.6.3 Settlement Statement re-runs.

The ISO is authorized to perform Settlement Statement re-runs following approval of the ISO Governing Board. A request to perform a Settlement Statement re-run may be made at any time by a Scheduling Coordinator by notice in writing to the ISO Governing Board. The ISO Governing Board shall, in considering whether to approve a request for a Settlement Statement re-run, determine in its reasonable discretion, whether there is good cause to justify the performance of a Settlement Statement re-run.

11.6.3.1 If a Settlement Statement re-run is ordered by the ISO Governing Board, the ISO shall arrange to have the Settlement Statement re-run carried out as soon as is reasonably practicable following the ISO Governing Board's order, subject to the

availability of staff and computer time, compatible software, appropriate data and other resources.

11.6.3.2 The cost of a Settlement Statement re-run shall be borne by the Scheduling Coordinator requesting it, unless the Settlement Statement re-run was needed due to a clerical oversight or error on the part of the ISO staff.

11.6.3.3 Where a Settlement Statement re-run indicates that the accounts of Scheduling Coordinators should be debited or credited to reflect alterations to Settlements previously made under this ISO Tariff, for those Scheduling Coordinators affected by the statement re-run, the ISO shall reflect the amounts to be debited or credited in the next Preliminary Settlement Statements that it issues following the Settlement Statement re-run to which the provisions of this Section 11 apply. The net balance of all adjustments shall go into a balancing account, on a debit or credit, to the Grid Management Charge.

11.7 Confirmation and Validation.

11.7.1 Confirmation.

It is the responsibility of each Scheduling Coordinator to notify the ISO if it fails to receive a Preliminary Settlement Statement or a Final Settlement Statement on the date specified for the publication of such Settlement Statement in the ISO Payments Calendar. Each Scheduling Coordinator shall be deemed to have received its Settlement Statement on the dates specified, unless it notifies the ISO to the contrary.

11.7.2 Validation.

Each Scheduling Coordinator shall have the opportunity to review the terms of the Preliminary Settlement Statements that it receives. The Scheduling Coordinator shall be deemed to have validated each Preliminary Settlement Statement unless it has raised a dispute or reported an exception within eight (8) Business Days from the date of issuance. Once validated, a Preliminary Settlement Statement shall be binding on the Scheduling Coordinator to

which it relates, unless the ISO performs a Settlement re-run pursuant to Section 11.6.3 of this ISO Tariff.

11.7.3 Validation of Final Settlement Statements.

Each Scheduling Coordinator shall have the opportunity to review the Incremental Changes that appear on the Final Settlement Statement that it receives. The Scheduling Coordinator shall be deemed to have validated the Incremental Changes on each Final Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within ten (10) Business Days from the date of issuance. Once validated, the Incremental Changes on the Final Settlement Statement shall be binding on the Scheduling Coordinator to which it relates, unless the ISO performs a Settlement re-run pursuant to Section 11.6.3 of this ISO Tariff.

11.7.4 Recurring disputes or exceptions.

A Scheduling Coordinator may request the ISO to treat as recurring a dispute or exception raised in accordance with Sections 11.7.2 and 11.7.3 above, if a dispute or exception would apply to subsequent Preliminary and Final Settlement Statements. The ISO shall make a determination on such a request within five (5) Business Days of receipt. To preserve its right to dispute an item, a Scheduling Coordinator must continue to raise a dispute or report an exception until it is notified by the ISO that the ISO agrees to treat the dispute or exception as recurring. If the ISO grants a request to treat a dispute or exception as recurring, the dispute raised or exception reported by the Scheduling Coordinator shall be deemed to apply to every subsequent Preliminary and Final Settlement Statement provided to the

Scheduling Coordinator from the date that the ISO grants the request for recurrent treatment until: a) ninety (90) days have elapsed, unless the ISO indicates a different expiration date on its response to the request, in which case the expiration date stated by the ISO, in its response or b) the dispute or exception is resolved, whichever is shorter.

11.8 Payment Procedures.

11.8.1 All Payments to Be Made Through the ISO.

All Scheduling Coordinators shall discharge their obligations to pay the amounts owed by them and shall receive payments of all amounts owed to them under this ISO Tariff only through the ISO.

11.8.2 Accounts to be Established.

The ISO shall establish and operate the following accounts:

11.8.2.1 An ISO Clearing Account to and from which all payments are made;

11.8.2.2 An ISO Reserve Account from which any debit balances on the ISO Clearing Account at the close of banking business on each Business Day shall be settled or reduced in accordance with this ISO Tariff. The ISO shall use the security provided by a Scheduling Coordinator pursuant to Section 2.2.3.2 of this ISO Tariff, if necessary, to clear any debit balances on the ISO Reserve Account that may arise as a result of that Scheduling Coordinator's failure to pay an amount due under this ISO Tariff.

11.8.2.3 Such other accounts as the ISO deems necessary or convenient for the purpose of efficiently implementing the funds transfer system under this ISO Tariff.

11.8.3 Declaration of Trust.

All ISO Accounts established pursuant to Section 11.8.2 of this ISO Tariff shall be opened and operated by the ISO on trust for ISO Creditors, in accordance with this

Within ten (10) days of the filing of the notice of appeal, the appealing party must file an appropriate application, petition or motion with the FERC to trigger review under the FPA or with a court of competent jurisdiction. Such filing shall state that the subject matter has been the subject of an arbitration pursuant to the relevant ISO Document.

13.4.3.2 Within 30 days of filing the notice of appeal (or such period as FERC or the court of competent jurisdiction may specify) the appellant shall file the complete evidentiary record of the arbitration and a copy of the award with FERC or with the court of competent jurisdiction. The appellant shall serve copies of a description of all materials included in the submitted evidentiary record.

13.4.4 Award Implementation.

Implementation of the award shall be deemed stayed pending an appeal unless and until, at the request of a party, the FERC or the court of competent jurisdiction to which an appeal has been filed, issues an order dissolving, shortening, or extending such stay. However, a summary of each appeal shall be published in an ISO newsletter or electronic bulletin board, and any other method adopted by the ISO ADR Committee.

13.4.5 Judicial Review of FERC Orders.

FERC orders resulting from appeals shall be subject to judicial review pursuant to the FPA.

13.5 Allocation of Awards Payable by or to the ISO.

13.5.1 Allocation of an Award.

If the ISO must pay an award to a party pursuant to good faith negotiations or the ISO ADR Procedures, the ISO will recover the amount of the award from Market

Participants and Scheduling Coordinators. If the ISO receives an award from a party pursuant to good faith negotiations or the ISO ADR Procedures, the ISO will flow back the amount of the award to Market Participants and Scheduling Coordinators.

13.5.2 Timing of Adjustments.

Upon determination that an award is payable by or to the ISO pursuant to good faith negotiations or the ISO ADR Procedures, the ISO shall calculate the amounts payable to and receivable from the party, Market Participants, and Scheduling Coordinators, as soon as reasonably practical, and shall show any required adjustments as a debit or a credit in a subsequent Preliminary Settlement Statement.

13.5.3 Method of Allocation.

13.5.3.1 Allocation to Market Participants.

The ISO will use best efforts to determine which Market Participant(s) is or are responsible for and/or benefit from payment of an award by or to the ISO and to allocate receipt of or payment for the award equitably to such Market Participant(s). In undertaking the allocation, the ISO shall consider the extent of a Market Participant's participation in affected markets and the ISO Tariff in effect on the applicable Trading Day(s), and may consider any other relevant factor, including but not limited to, applicable contracts.

13.5.3.2 Residual Amounts.

Any awards for which the ISO is unable to identify Market Participants in accordance with 13.5.3.1 and any award amounts that the ISO is unable to collect that are not covered by Section 11.16.1 will be allocated to all Scheduling Coordinators through Neutrality Adjustments.

