

ATTACHMENT A

applicable, of a High Voltage Access Charge, a Transition Charge and a Low Voltage Access Charge. High Voltage Access Charges and Low Voltage Access Charges shall comprise two components, which together shall be designed to recover each Participating TO's High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement, as applicable. The first component shall be based on the Transmission Revenue Requirement without any adjustment for revenues associated with Wheeling and Usage Charges (Transmission Revenue Credits), but including credits for Standby Transmission Revenues. The second component shall be based on the proceeds of the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue. To the extent necessary, the Original Participating TO shall make conforming changes to their TO Tariff.

The High Voltage Access Charge and the Transition Charge shall be paid to the ISO based on all Energy delivered for the supply of Gross Load by the UDC, MSS, and Scheduling Coordinator in the Participating TO Service Area directly from a High Voltage Transmission Facility. The High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge for the applicable Participating TO shall be paid on all Energy delivered to all other Gross Load by the UDC, MSS, and Scheduling Coordinator in the Participating TO Service Area. The applicable High Voltage Access Charge and Transition Charge shall be assessed by the ISO as a charge for transmission service under this ISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the High Voltage Access Charge and Transition Charge set forth therein. The Low Voltage Access Charge for each Participating TO is set forth in that Participating TO's TO Tariff. If a Participating TO is using the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Low Voltage Access Charge of the other Participating TO. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations. The procedures for public participation in a federal power marketing agency's ratemaking process are 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. At the time the federal power marketing agency submits its application to become a New Participating TO in accordance with the Transmission Control Agreement, it shall submit its first proposed High Voltage Transmission Revenue Requirement to the FERC, if applicable, and to the ISO.

7.1.2 High Voltage Access Charge and Transition Charge Settlement. UDCs, MSSs and Scheduling Coordinators in the Participating TO Service Area shall be charged on a monthly basis, in arrears, the applicable High Voltage Access Charge and Transition Charge. The High Voltage Access Charge and Transition Charge for a billing period is calculated by the ISO as the product of the applicable High Voltage Access Charge or Transition Charge, as applicable, and all Energy delivered for the supply of Gross Load connected to the facilities of the UDC or MSS in the Participating TO Service Area, or for a Scheduling Coordinator in the Participating TO Service Area with respect to the Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS, all Energy delivered to such Gross Load. The High Voltage Access Charge and Transition Charge are determined in accordance with Schedule 3 of Appendix F of the ISO Tariff. These rates may be adjusted from time to time in accordance with Schedule 3 to Appendix F. A UDC or an MSS that is also a Participating TO shall pay, or receive payment of, if applicable, the difference between (i) the High Voltage Access Charge 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.

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 in a Participating TO Service Area providing Energy delivered for the supply of all Gross Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS in a Participating TO Service Area, 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.

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

- 5.4** The HVAC applicable to each UDC and MSS in a Participating TO Service Area and Scheduling Coordinator serving Demand in the Participating TO Service Area, 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_{P_{TO}} 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_{P_{TO}}). 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).

$$ETRR_A = \sum EHVTRR_{P_{TO}}$$

$$GL_A = \sum GL_{P_{TO}}$$

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

- 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_{P_{TO}}. 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).

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

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

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

8. Updates to High Voltage Access Charges.

8.1 High Voltage Access Charges and High Voltage Wheeling Access Charges shall be adjusted: (1) on January 1 and July 1 of each year when necessary to reflect the addition of any New Participating TO and (2) on the date FERC makes effective a change to the High Voltage Transmission Revenue Requirements of any Participating TO. Using the High Voltage Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for each Participating TO, the ISO will recalculate on a monthly basis the High Voltage Access Charge and Transition Charge applicable during such period. Revisions to the Transmission Revenue Balancing Account adjustment shall be made effective annually on January 1 based on the principal balance in the TRBA as of September 30 of the prior year and a forecast of Transmission Revenue Credits for the next year.

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 provided as ordered by FERC. Such refund shall be invoiced separately from the Market Invoice.

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 and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.

- 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 and other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement, 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 in the Participating TO Service Area 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 in the Participating TO Service Area 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 in the Participating TO Service Area 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.