

ATTACHMENT B

2.2.13.2.3 ~~Unscheduled Demand.~~[Not Used]

~~**2.2.13.2.3.1 — Penalty on Unscheduled Demand.** Any Scheduling Coordinator whose total metered Demand in a Zone in a Settlement Period exceeds the total Demand reflected in its Final Hour-Ahead Schedule by more than five (5) percent of such metered Demand shall pay the penalty set forth in Section 2.2.13.2.3.2 for each MWh of the excess, unless the Scheduling Coordinator's metered Demand is less than 200 MW, in which case the Scheduling Coordinator shall pay the penalty to the extent its metered Demand exceeds the Demand in its Final Hour-Ahead Schedule by more than ten (10) MWh.~~

~~**2.2.13.2.3.2 Amount of Penalty.** For each MW of unscheduled Demand subject to penalty as determined in accordance with Section 2.2.13.2.3.1, a Scheduling Coordinator shall pay a penalty equal to the lesser of: (a) two times the Market Clearing Price of Imbalance Energy; and (b) \$100; but no less than \$0. This penalty shall be payable in addition to any amounts payable for the purchase of Imbalance Energy.~~

~~**2.2.13.2.3.3 — Allocation of Penalty Revenues.** The revenues received by the ISO through the payment of the penalties described in Section 2.2.13.2.3.2 will be allocated in proportion to metered Demand to those Scheduling Coordinators who do not incur penalties under Section 2.2.13.2.3.1 for the Settlement Period with respect to which the charges were assessed.~~

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2.5.22.4.2 Form of Supplemental Energy Bid Information.

Supplemental Energy bids must include the following:

- (a) Bidder name and identification;
- (b) Resource name, identification, and location;
- (c) the positive or negative bid price of incremental and decremental changes in Energy (up to eleven ordered pairs of quantity/price representing up to ten steps);
- (d) Generating Unit operating limits (high and low MW);
- (e) Generating Unit ramp rate (MW/Min); and

(f) Such other information as the ISO may determine it requires to evaluate bids, as published from time to time in ISO Protocols.

All Supplemental Energy bids submitted on behalf of Scheduling Coordinators that are not permitted to set the Market Clearing Price as described in Section 2.5.23.3.8 shall be bids deemed by the ISO to be paid: (i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during ~~Price Mitigation Reserve Deficiencies System Emergencies~~ or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-~~Price Mitigation Reserve Deficiencies System Emergency periods~~. Scheduling Coordinators for Must-Offer Generators, as defined in Section 5.11 of this ISO Tariff, may elect to submit Supplemental Energy bids for gas-fired Generating Units at the Proxy Price calculated in accordance with Section 2.5.23.3.4. Scheduling Coordinators for all other Generating Units, System Units, and System Resources may elect to submit Supplemental Energy bids to be paid: (i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during ~~Price Mitigation Reserve Deficiencies System Emergencies~~ or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-~~Price Mitigation Reserve Deficiencies System Emergency periods~~.

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2.5.23.3.1.1 Limitation During ~~System Emergencies~~ Price Mitigation Reserve Deficiencies
~~NE~~Except as provided in Section 2.5.23.3.1.3, and notwithstanding any other provision of the ISO Tariff, during hours in which the ISO has declared a ~~System Emergency~~ Price Mitigation Reserve Deficiency, the BEEP Interval Ex Post Price shall ~~not exceed equal~~ the highest Proxy Price calculated in accordance with Section 2.5.23.3.4 for a gas-fired Generating Unit that: (i) is eligible to set the Market Clearing Price as set forth in Section 2.5.23.3.8; ~~is owned or controlled by a Must-Offer Generator;~~ and (ii) is dispatched by the ISO to provide Imbalance Energy. This Proxy Price shall establish the Market Clearing Price (the "Marginal Proxy Clearing Price") for all Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids at or below the level of the Marginal Proxy Clearing Price during hours in which the ISO has declared a ~~System Emergency~~ Price Mitigation Reserve Deficiency. ~~unless the marginal bid accepted by the ISO for the supply of Imbalance Energy from a gas-fired Generating Unit owned or controlled by a Must-Offer Generator is below the calculated~~

~~Proxy Price for that Generating Unit, in which case such marginal bid shall establish the Marginal Proxy Clearing Price.~~

All bids for the supply of Imbalance Energy during ~~System Emergencies~~ Price Mitigation Reserve Deficiencies submitted by Scheduling Coordinators for resources that do not meet the requirements set forth in Section 2.5.23.3.8 to be eligible to set the Market Clearing Price shall be bids deemed by the ISO to be paid the Marginal Proxy Clearing Price. Subject to Section 2.5.23.3.8, Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids above the Marginal Proxy Clearing Price for the supply of Imbalance Energy during ~~System Emergencies~~ Price Mitigation Reserve Deficiencies shall be paid in accordance with their bids if accepted for Dispatch by the ISO. Such bids shall be subject to the cost justification requirements and potential refunds, as set forth in Section 2.5.23.3.5.

2.5.23.3.1.2 Limitation During Non-~~Price Mitigation Reserve Deficiencies~~ System Emergency Periods

~~Except as provided for in Section 2.5.23.3.1.3, and notwithstanding any other provision of the ISO~~ Tariff, during hours in which the ISO has not declared a ~~System Emergency~~ Price Mitigation Reserve Deficiency, the BEEP Interval Ex Post Price shall not exceed the “Non-Emergency Clearing Price Limit” as defined in this Section 2.5.23.3.1.2. The “Non-Emergency Clearing Price Limit” shall equal 85% of the highest hourly Zonal Marginal Proxy Clearing Price calculated in accordance with Section 2.5.23.3.1.1 from among those Settlement Periods during the last ~~Stage 1 System Emergency for which the Stage 1 System Emergency (but not a Stage 2 or Stage 3 System Emergency)~~ Price Mitigation Reserve Deficiency which existed for the entire Settlement Period. If any Scheduling Coordinator submits a bid from a resource eligible to set the Market Clearing Price in accordance with Section 2.5.23.3.8 for the supply of Imbalance Energy during an hour in which the ISO has not declared a ~~System Emergency~~ Price Mitigation Reserve Deficiency that: -(i) exceeds the Non-Emergency Clearing Price Limit; and (ii) is dispatched by the ISO to provide Imbalance Energy, then the Market Clearing Price for the applicable BEEP Interval (the “Non-Emergency Clearing Price”) shall be equal to the Non-Emergency Clearing Price Limit. If the marginal bid accepted by the ISO for the supply of Imbalance Energy during an hour in which the ISO has not declared a ~~System Emergency~~ Price Mitigation Reserve

Deficiency is less than the Non-Emergency Clearing Price Limit, then the marginal bid accepted by the ISO shall, subject to Section 2.5.23.3.8, establish the Non-Emergency Clearing Price.

All bids for the supply of Imbalance Energy during non-Price Mitigation Reserve Deficiencies System Emergency periods submitted by Scheduling Coordinators for resources that do not meet the requirements set forth in Section 2.5.23.3.8 to be eligible to set the Market Clearing Price shall be bids deemed by the ISO to be paid the Non-Emergency Clearing Price. Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids above the Non-Emergency Clearing Price for the supply of Imbalance Energy during BEEP Intervals in which the ISO has not declared a Price Mitigation Reserve Deficiency System Emergency shall, subject to Section 2.5.23.3.8, be paid in accordance with their bids if accepted for Dispatch by the ISO. Such bids shall be subject to cost justification requirements and potential refunds, as set forth in Section 2.5.23.3.5.

2.5.23.3.1.3 Limitation from December 21, 2001 through April 30, 2002

From December 21, 2001 through April 30, 2002, the BEEP Interval Ex Post Price shall not exceed the Winter Clearing Price Limit. Effective December 21, 2001, the Winter Clearing Price Limit is \$108/MWh, based on a proxy figure for natural gas cost of \$6.641/MMBtu. The Winter Clearing Price Limit shall be recalculated when the daily proxy figure for natural gas costs posted on the ISO Home Page differs from the proxy figure for natural gas costs used to calculate the Winter Clearing Price Limit then in effect by more than ten percent, though the Winter Clearing Price Limit shall not be less than \$108/MWh. Effective at 0001 hours on May 1, 2002, the Non-Emergency Clearing Price shall be \$91.87/MWh.

2.5.23.3.2 Charges for Certain Instructed Imbalance Energy. Amounts paid to Scheduling Coordinators in accordance with Section 2.5.23.3.1 for Instructed Imbalance Energy from Generating Units, System Units and System Resources at bids above the Marginal Proxy Clearing Price during hours in which the ISO has declared a Price Mitigation Reserve Deficiency System Emergency or above the Non-Emergency Clearing Price during all other periods shall be charged to Scheduling Coordinators such that the charge to each Scheduling Coordinator shall be pro rata based upon the same proportion as the Scheduling Coordinator's Net Negative Uninstructed Deviations for the BEEP Interval bears to the total Net Negative Uninstructed Deviations of all Scheduling Coordinators for the BEEP Interval.

Such charge shall apply in lieu of any charge specified in the ISO Tariff for such Instructed Imbalance Energy based on the BEEP Interval Ex Post Price.

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2.5.23.3.5 Requirement to Justify Bids Accepted by the ISO

The following entities shall be required to provide cost justification for bids to supply Imbalance Energy submitted to and accepted by the ISO:

- ~~(a) Scheduling Coordinators for gas-fired Generating Units owned or controlled by Must-Offer Generators that submit bids for the supply of Imbalance Energy bids during System Emergencies above the Proxy Price for those Generating Units;~~
- (ba) Scheduling Coordinators for all ~~other~~ Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy during ~~System Emergencies~~ Price Mitigation Reserve Deficiencies above the Marginal Proxy Clearing Price determined in accordance with Section 2.5.23.3.1.1, ~~and except for the period from December 20, 2001 through April 30, 2002;~~
- (cb) Scheduling Coordinators for all Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy during hours in which the ISO has not declared a ~~System Emergency~~ Price Mitigation Reserve Deficiency above the Non-Emergency Clearing Price determined in accordance with Section 2.5.23.3.1.2, ~~except for the period from December 20, 2001 through April 30, 2002; and~~
- ~~(c) Scheduling Coordinators for all Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy above the Winter Clearing Price Limit determined in accordance with Section 2.5.23.3.1.3 for the period December 20, 2001 through April 30, 2002.~~

Scheduling Coordinators subject to the cost justification requirement shall provide such justification in writing to the ISO and the FERC by no later than seven (7) calendar days after the end of the month in which the bid was submitted. The cost justification for bids submitted on behalf of Must-Offer Generators and other Generating Units and System Units shall include a detailed breakdown of

the component costs associated with such bids. Such cost justifications shall include information on each separate transaction in the entire natural gas portfolio of a Must-Offer Generator and its Affiliates. Cost justifications provided pursuant to this Section 2.5.23.3.5 shall not include components representing emissions costs, start-up costs, credit risks, scarcity rents or opportunity costs. The ISO will treat the cost justifications provided to the ISO in accordance with this Section 2.5.23.3.5 as confidential and will apply the procedures in Section 20.3.4 of this ISO Tariff with regard to requests for disclosure of such information. Amounts collected by Scheduling Coordinators subject to the cost justification requirement in excess of the ~~Proxy Price~~, Marginal Proxy Clearing Price, ~~or~~ Non-Emergency Clearing Price, or Winter Clearing Price Limit as applicable, shall be subject to refund, as may be ordered by the FERC.

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2.5.23.3.6.3 Rate For the Emissions Cost Charge

The rate at which the ISO will assess the Emissions Cost Charge shall be at the projected annual total of all Emissions Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instruction, adjusted for interest projected to be earned on the monies in the Emissions Cost Trust Account, divided by the sum of the Control Area Gross Load and the projected ~~metered Demand within the ISO Control Area and~~ Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators for the applicable year ("Emissions Cost Demand"). The initial rate for the Emissions Cost Charge, and all subsequent rates for the Emissions Cost Charge, shall be posted on the ISO Home Page.

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2.5.23.3.7.3 Rate For the Start-Up Fuel Cost Charge

The rate at which the ISO will assess the Start-Up Fuel Cost Charge shall be at the projected annual total of all Start-Up Fuel Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instruction, adjusted for interest projected to be earned on the monies in the Start-Up Fuel Cost Trust Account, divided by the sum of the Control Area Gross Load and the projected ~~metered Demand within the ISO Control Area and~~ Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area ("Start-Up Fuel Cost Demand"). The initial rate for the Start-Up Fuel

Cost Charge, and all subsequent rates for the Start-Up Fuel Cost Charge, shall be posted on the ISO Home Page.

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2.5.23.3.7.6 Submission of Start-Up Fuel Cost Invoices

Scheduling Coordinators for Must-Offer Generators that incur Start-Up Fuel Costs as a direct result of an ISO Dispatch instruction or if the ISO revokes a waiver from compliance with the must-offer obligation while the unit is off-line in accordance with Section 5.11.6 of this ISO Tariff may submit to the ISO an invoice in the form specified on the ISO Home Page (the "Start-Up Fuel Cost Invoice") for the recovery of such Start-Up Fuel Costs. Such Start-Up Fuel Costs shall not exceed the costs which would be incurred within the start-up time for a unit specified in Schedule 1 of the Participating Generator Agreement. ~~A Scheduling Coordinator may submit a Start-Up Fuel Cost Invoices~~ shall use to receive the applicable proxy figure for natural gas costs as determined in accordance with Section 2.5.23.3.4 and posted on the ISO Home Page. ~~If a Scheduling Coordinator submits a Start-Up Fuel Cost Invoice to receive natural gas costs in excess of the applicable proxy figures, such Start-Up Fuel Cost Invoices must include data for every transaction within the entire natural gas portfolio of the Must-Offer Generator and its Affiliates, and such other information the ISO may reasonably require to verify the Start-Up Fuel Costs incurred as a direct result of an ISO Dispatch instruction.~~ Start-Up Fuel Cost Invoices shall not include any Start-Up Fuel Costs specified in an RMR Contract for a unit owned or controlled by a Must-Offer Generator.

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2.5.23.3.8. Eligibility to Establish the Marginal Proxy Clearing Price and Non-Emergency Clearing Price

Only bids from Scheduling Coordinators for generating units: ~~and System Units under a Participating Generator Agreement-1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2~~ are eligible to establish either the Marginal Proxy Clearing Price or the Non-Emergency Clearing Price. Only Scheduling Coordinators for generating units: ~~and System Units under a Participating Generator Agreement-1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2~~ are eligible to be paid as-bid in

accordance with this Section 2.5.23.3. All other Scheduling Coordinators whose bids to supply Imbalance Energy are accepted by the ISO shall be paid the Non-Emergency Clearing Price during periods when the ISO is not in a Price Mitigation Reserve Deficiency System Emergency or the Marginal Proxy Clearing Price when the ISO is in a Price Mitigation Reserve Deficiency System Emergency. Bids from hydroelectric generating units are not eligible to set any Market Clearing Price, including the Marginal Proxy Clearing Price or the Non-Emergency Clearing Price.

2.5.23.3.8.1 Price-Taker Bids for Some Resources Not Eligible to Establish Market Clearing Prices

Bids from Scheduling Coordinators for generating units: 1) for which heat rate data have not been submitted in accordance with Section 2.5.23.3.3 or 2) which do not satisfy the data requirements as set forth in Section 2.5.23.3.8.2, except for hydroelectric generating units, must be at a price of \$0/MWh.

2.5.23.3.8.2 Data Requirements to Establish Eligibility to Establish the Marginal Proxy Clearing Price or Non-Emergency Clearing Price

Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must meet the requirements set forth in the ISO's "Monitoring and Communications Requirements for Generating Units Providing Only Energy and Supplemental Energy" as posted on the ISO Home Page. Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO, for each such generating unit, with: 1) a unique interchange identifier that refers to the generating unit; and 2) the heat rate data set forth in Section 2.5.23.3.3 before those units will be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price. Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO with Settlement Quality Meter Data for each BEEP Interval in that Trade Day and other Settlement Quality Meter Data the ISO may deem necessary to verify the generating unit's performance. Scheduling Coordinators shall submit these data, using the template posted on the ISO Home Page for this purpose, no later than 30 calendar days after the Trade Day in which the Energy was provided.

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2.5.27.7.1 Limitation During ~~System Emergencies~~ Price Mitigation Reserve Deficiencies

Notwithstanding any other provision of the ISO Tariff, the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Hourly Ex Post Price in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.1, during ~~System Emergencies~~ Price Mitigation Reserve Deficiencies. Subject to Section 2.5.27.7.4 of this ISO Tariff, Scheduling Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids above the Hourly Ex Post Price in effect at the deadline for submitting bids to that market for the supply of these Ancillary Services during ~~System Emergencies~~ Price Mitigation Reserve Deficiencies shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

2.5.27.7.2 Limitation During Non-~~Price Mitigation Reserve Deficiencies~~ System Emergency Periods

Notwithstanding any other provision of the ISO Tariff, the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.2 of this ISO Tariff, during non-~~Price Mitigation Reserve Deficiencies~~ System Emergency periods. Subject to Section 2.5.27.7.4, Scheduling Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids for the supply of these Ancillary Services during non-~~Price Mitigation Reserve Deficiencies~~ System Emergency periods at a price above the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

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2.5.27.7.4 Eligibility to Establish the Market Clearing Price for Ancillary Services

Only bids from Scheduling Coordinators for generating units ~~and System Units under a Participating Generator Agreement or a Participating Load Agreement:~~ 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 of this ISO Tariff, and 2) which satisfy the data

requirements set forth in Section 2.5.23.3.8.2 of this ISO Tariff, are eligible to establish the Market Clearing Price for Ancillary Services. Only Scheduling Coordinators for generating units: 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 of this ISO Tariff, and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2 of this ISO Tariff, and System Units under a Participating Generator Agreement or a Participating Load Agreement are eligible to be paid as-bid in accordance with Section 2.5.27.7. All other Scheduling Coordinators whose bids to provide Ancillary Services are accepted by the ISO shall be paid the Market Clearing Price for Ancillary Services.

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5.6.3.2.1 Notwithstanding the foregoing, no Participating Generator shall be subject to the penalties set forth in Section 5.6.3 of this ISO Tariff for the period June 20, 2001 through September 30, 2002.

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5.11.5 Submission of Bids and Applicability of the Proxy Price

For each Operating Hour, Must-Offer Generators shall submit Supplemental Energy bids for all of their Available Generation to the ISO in accordance with Section 2.5.22.4. In addition, the ISO shall calculate for each gas-fired Must-Offer Generator, in accordance with Section 2.5.23, a Proxy Price for Energy. Subject to Section 2.5.23.3.8, in hours in which the ISO has declared a Price Mitigation Reserve Deficiency, System Emergency, any submitted bids that are priced above the Marginal Proxy Clearing Price for the BEEP Intervals, as determined in accordance with Section 2.5.23.3.1.1, will be paid as-bid if accepted by the ISO. Subject to Section 2.5.23.3.8, in hours in which the ISO has not declared a Price Mitigation Reserve Deficiency, System Emergency, any submitted bids that are priced above the Non-Emergency Clearing Price for the BEEP Intervals, as determined in accordance with Section 2.5.23.3.1.2, will be paid as-bid if accepted by the ISO. If, under this section, a Must-Offer Generator is paid as-bid, such bids will be subject to the cost-justification procedures established by FERC and may be subject to refund, as determined by FERC.

If a Must-Offer Generator fails to submit a Supplemental Energy bid for any portion of its Available Generation for any BEEP Interval, the unbid quantity of the Must-Offer Generator's Available

Generation will be deemed by the ISO to be bid at the Must-Offer Generator's Proxy Price for that hour if: -(i) the applicable Generating Unit is a gas-fired unit and (ii) the Must-Offer Generator has provided the ISO with adequate data in compliance with Sections 2.5.23.3.3 and 5.11.3 for the applicable Generating Unit. For all other Generating Units owned or controlled by a Must-Offer Generator, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid to receive: -(i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during ~~Price Mitigation Reserve Deficiencies System Emergencies~~ or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-~~Price Mitigation Reserve Deficiencies System Emergency periods~~. In order to dispatch resources providing Imbalance Energy in proper merit order, the ISO will insert this unbid quantity into the Must-Offer Generator's Supplemental Energy bid curve above any lower-priced segments of the bid curve and below any higher-priced segments of the bid curve as necessary to maintain a non-decreasing bid curve over the entire range of the Must-Offer Generator's Available Generation.

5.11.6 Waiver of Must-Offer Obligation

Must-Offer Generators may seek a waiver of the obligation to offer all available capacity, as set forth in Section 5.11.4 of this ISO Tariff, for one or more of their generating units for periods other than Self-Commitment Periods, which are defined as the hours when Must-Offer Generators submit Energy Schedules or Ancillary Services bids or self-provision schedules. Self-Commitment Periods shall be extended by the ISO as necessary to accommodate generating unit minimum up and down times such that the scheduled operation is feasible. If conditions permit, and at the ISO's sole discretion, the ISO may grant waivers and allow a Must-Offer Generator to remove one or more generating units from service during hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) minimize the start-up and Minimum Load Costs necessary to meet the ISO's forecasted Demand; 2) provide sufficient on-line generating capacity to meet operating reserve requirements; 3) provide for a reasonable assurance of competitive market outcomes; and 4) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and

down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s).

5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators

5.11.6.1.1 Eligibility

Units from Must-Offer Generators that incur Minimum Load Costs during Self-Commitment Periods or during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. The ISO shall pay to a Must-Offer Generator the unrecovered Minimum Load Costs for each Waiver Denial Period for generating units that: 1) do not submit any Energy Schedules or Ancillary Services self-provision Schedules or bids in the Hour-Ahead market for any hours during such Waiver Denial Period, and 2) do not, over an hour, produce a quantity of Energy that: (i) varies by more than the greater of five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output during a Waiver Denial Period.

5.11.6.1.2 Unrecovered Minimum Load Costs

Unrecovered Minimum Load Costs are the portion of the Minimum Load Costs that are not recovered from profits through participation in the ISO markets during the Waiver Denial Period. The profits shall be determined as the positive difference between market revenues and the operating costs of the unit for the Waiver Denial Period. Market revenues shall include all settlements for: 1) Uninstructed Imbalance Energy and 2) Instructed Imbalance Energy, including out-of-sequence and out-of-market Energy during the Waiver Denial Period. The operating costs shall be calculated as the sum, for each BEEP Interval in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's instructed output averaged over that BEEP Interval and the proxy figure for natural gas costs posted on the ISO Home Page in effect at the time and the unit's instructed output averaged over that BEEP

Interval, and 2) the product of the unit's instructed output averaged over that BEEP Interval and \$6.00/MWh. The Minimum Load Costs shall be calculated as the sum, for all hours in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and the proxy figure for natural gas costs posted in the ISO Home Page in effect at the time, and the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and 2) the product of the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and \$6/MWh. The Minimum Load Costs shall be offset by the Waiver Denial Period profits and any remaining shortfall shall constitute unrecovered Minimum Load Costs.

5.11.6.1.3 Invoicing Unrecovered Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's unrecovered Minimum Load Costs and make payments for these costs as part of the ISO's market settlement process. Scheduling Coordinators may submit to the ISO data detailing the hours for which they are eligible to recover Minimum Load Costs. Scheduling Coordinators who elect to submit data on hours they are eligible to recover Minimum Load Costs must: 1) use the Minimum Load Cost Invoice template posted on the ISO Home Page, and 2) submit the invoice on or before fifteen (15) business days following the last Trading Day in the month in which such costs were incurred, except that Scheduling Coordinators seeking reimbursement for Minimum Load Costs incurred between May 29, 2001, and the day that the ISO posts the Minimum Load Costs Invoice template on the ISO Home Page must submit their data no later than thirty (30) business days after the ISO first posts the template on the ISO Home Page.

5.11.6.1.4 Allocation of Unrecovered Minimum Load Costs

Unrecovered Minimum Load Costs for each unit's Waiver Denial Period shall be evenly divided over all hours of such Waiver Denial Period. For each such hour, the total unrecovered Minimum Load Costs shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's Load and Demand within California outside the ISO Control Area that is served by exports to the sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports.

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11.2.12 Creditworthiness Surcharge

Notwithstanding anything to the contrary in the ISO Tariff, and until the FERC issues any order to the contrary, the following payments and charges shall be increased by a surcharge of 10%:

- a) payments ~~at the Market Clearing Price~~ for Ancillary Services as determined in accordance with Sections 2.5.27.1 to 2.5.27.4.
- b) charges ~~at the Market Clearing Price~~ for Ancillary Services as determined in accordance with Sections 2.5.28.1 to 2.5.28.4; ~~and~~
- c) payments for ~~Instructed Imbalance Energy. Energy delivered in response to incremental Dispatch instructions at the Marginal Proxy Clearing Price or the Non-Emergency Clearing Price, as applicable; and~~
- ~~(d) charges for Net Negative Uninstructed Deviations.~~

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31. EXPIRATION OF COMMISSION MITIGATION MEASURES.

The limitations on prices specified in Sections 2.5.22, 2.5.23, and 2.5.27, and the must-offer obligation specified in Section 5.11, shall expire on September 30, 2002.

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Control Area Gross Load

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

- (a) generator auxiliary Load equipment that is dedicated to the production of Energy and is electrically connected at the same point as the Generating Unit (e.g., auxiliary Load equipment that is served via a distribution line that is separate from the switchyard to which the Generating Unit is connected will not be considered to be electrically

connected at the same point); and

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

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Minimum Load Costs

The costs a generating unit incurs operating at minimum load.

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Price Mitigation Reserve Deficiency

Any clock hour in which the ISO's maximum actual reserve margin is below seven (7) percent.

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Start-Up Fuel Costs

The ~~actual~~ cost of the fuel consumed by a particular generating unit from the time of first fire, the time of receipt of an ISO Dispatch instruction, or the time the unit was last synchronized to the grid, whichever is later, until the time the generating unit is synchronized or re-synchronized to the grid and producing Energy. Start-Up Fuel Costs are determined by multiplying the actual amount of fuel consumed by the proxy gas price as determined in accordance with Section 2.5.23.3.4 at the time the fuel is consumed.

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Waiver Denial Period

The period determined in accordance with Section 5.11.6.

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Winter Clearing Price Limit

The limitation on Market Clearing Prices determined in

accordance with Section 2.5.23.3.1.3.

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