

ATTACHMENT B



December 19, 2000

Mr. Harold A. Orndorff, Manager
Planning and Energy
Aera Energy LLC
10000 Ming Avenue
P.O. Box 11164
Bakersfield, CA 93389-1164

Subject: Temporary Exemption from Requirement of Gross Metering of Generation and On-Site Load

Dear Mr. Orndorff:

In accordance with Section 10.5.2 of the ISO Tariff, the ISO Metering Protocol and the ISO Metering Protocol Appendices (collectively, the "Tariff"), the ISO is issuing an exemption in response to the request set forth in your letter dated December 14, 2000.

This exemption is a **temporary** exemption until **December 1, 2001** from the prohibition on installation of ISO-certified and polled metering in a manner that would result in "net" metering of the generation from the Generating Unit referenced in your letter with load other than "facility auxiliary load." As you know, the ISO has authority under the Tariff to exempt ISO Metered Entities from the requirement to comply with the meter standards referred to in the Tariff. This letter represents ISO's formal response to your request.

Under the current terms of the Tariff, the referenced Generating Unit is subject to the requirements applicable to a Participating Generator, including status as an ISO Metered Entity required to install ISO-certified and polled metering in accordance with the Tariff. Section 2.2.4.3 of the ISO Metering Protocol prohibits net metering of generation and load by an ISO Metered Entity except in the case of facility auxiliary load. The ISO's first responsibility is to ensure the reliability of the ISO Controlled Grid, and there is concern that unscheduled loads could have a significant impact on real time reliability. In addition, the ISO is required to apply its charges in a non-discriminatory manner.

In order to provide Aera Energy LLC and other similarly-situated entities sufficient time to complete the installation of metering in compliance with the Tariff requirements – and to resolve any policy issues about which you may be concerned – the ISO is willing to grant a **temporary** exemption from the Tariff's prohibition on the net metering of load and generation. Such an exemption would still require the installation of ISO-certified and polled metering in accordance with the requirements of the Tariff, but it would allow you, if you so choose, temporarily to install that ISO-certified and polled metering on your Generating Unit in a manner that results in net metering of other load "behind the meter" in addition to facility auxiliary load.

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Please be advised that the ISO will extend this temporary exemption only until **December 1, 2001** and **will not renew that exemption**. Further, the ISO will require Aera Energy LLC to submit to the ISO by **May 31, 2001** its **plan for achieving compliance** with the metering requirements of the Tariff. After December 1, 2001, the ISO intends to enforce fully the applicable requirements of the Tariff, which prohibit net metering of "behind-the-meter" load other than facility auxiliary load. If Aera Energy LLC has temporarily installed its metering in a manner that does not satisfy the requirements of the Tariff, Aera Energy LLC will be required to modify its metering arrangements to meet Tariff requirements by December 1, 2001.

Please direct any questions regarding this exemption and the compliance plan requirement to Mr. Leamon Calloway, at the address for the California ISO listed above or to Ali Miremadi, your assigned ISO Client Representative.

Sincerely,

Allen Jaschke
Manager, Field Data Acquisition

cc:

Leamon Calloway for Allen Jaschke
Leamon Calloway
Mike Dozier
Roni Hamon
Ali Miremadi
Missy Hough