

ATTACHMENT H

**ALLOCATION OF COSTS FROM GOOD FAITH NEGOTIATION/
ADR PROCESS**

11. ISO SETTLEMENTS AND BILLING.

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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; **and**
- (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.

13. DISPUTE RESOLUTION

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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.