

#### **8.2.4 Operating and Capital Reserves Cost.**

The budgeted annual cost of pay-as-you-go capital expenditures and reasonable coverage of debt service obligations. Such reserves shall be utilized to minimize the impact of any variance between forecast and actual costs throughout the year ("Operating and Capital Reserves Costs").

#### **8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators and Other Appropriate Parties.**

The costs recovered through the Grid Management Charge shall be allocated to the three service charges that comprise the Grid Management Charge. If the ISO's revenue requirement for any service charge changes from the most recent FERC-approved revenue requirement for that service charge, the costs recovered through that service charge shall be delineated in a filing to be made at FERC as set forth in Section 8.4. The three service charges are as follows:

- (1) Control Area Services Charge,
- (2) Congestion Management Charge, and
- (3) Ancillary Services and Real-Time Energy Operations Charge.

The three charges shall be levied separately monthly in arrears on all Scheduling Coordinators and Other Appropriate Parties based on the billing determinants specified below for each charge.

##### **8.3.1 Control Area Services Charge.**

The Control Area Services Charge for a Scheduling Coordinator or Other Appropriate Party is calculated as the product of the rate for the Control Area Services Charge and the Control Area Gross Load and exports of the Scheduling Coordinator or Other Appropriate Party. The rate for the Control Area Services Charge is determined by dividing the GMC costs allocated to this service category by the total Control Area Gross Load and exports, according to the formula in

Appendix F, Schedule 1, Part A of this Tariff.

### **8.3.2 Congestion Management Charge.**

The Congestion Management Charge for each Scheduling Coordinator is calculated as the product of the rate for the Congestion Management Charge and the absolute value of the net scheduled inter-zonal flow (excluding flows pursuant to Existing Contracts) per path for that Scheduling Coordinator. The rate for the Congestion Management Charge is determined by dividing the GMC costs allocated to this service category by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path, according to the formula in Appendix F, Schedule 1, Part A of this Tariff.

### **8.3.3 Ancillary Services and Real-Time Energy Operations Charge.**

The Ancillary Services and Real-Time Energy Operations Charge for each Scheduling Coordinator or Other Appropriate Party is calculated as the product of the rate for the Ancillary Services and Real-Time Energy Operations Charge and the Scheduling Coordinator's or Other Appropriate Party's total purchases and sales (including out-of-market energy resources) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed). The rate for the Ancillary Services and Real-Time Energy Operations Charge is determined by dividing the GMC costs allocated to this service category by the total purchases and sales of Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) according to the formula in Appendix F, Schedule 1, Part A of this Tariff. Energy procured to cover line losses or other transmission losses also shall be assessed this charge.

### **8.4 Calculation and Adjustment of the Grid Management Charge.**

The three charges set forth in Section 8.3 that comprise the Grid Management Charge shall be calculated annually by summing the Operating Costs (less any available expense recoveries),

Financing Costs, and Operating and Capital Reserves Costs associated with each of the three ISO services, to obtain a total revenue requirement. A separate revenue requirement for each component of the GMC shall be established by dividing the revenue requirement for the ISO as a whole and then assigning such costs to the three service categories. The revenue requirement for each service then shall be divided by the forecast annual or periodic billing determinant volume to obtain a rate for each service, which will be payable by Scheduling Coordinators and Other Appropriate Parties as set forth in Section 8.3. The rates so established may be adjusted annually, or over such lesser period as approved by the ISO Governing Board, through a filing with the FERC under Section 205 of the Federal Power Act to reflect any change in the annual revenue requirement, variance between forecast and actual costs for the previous year or period, or any surplus revenues from the previous year or period (as defined in Section 8.5), or the inability to recover from a Scheduling Coordinator or Other Appropriate Party its share of the Grid Management Charge, or any under-achievement of a forecast of the billing determinant volumes used to establish the rates. Appendix F, Schedule 1, Part B of this Tariff sets forth the conditions under which a quarterly adjustment to the Grid Management Charge will be made without a filing under Section 205 of the Federal Power Act.

**8.4.1 Credits and Debits of the Grid Management Charge.**

In addition to the adjustments permitted under Section 11.6.3.3, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator or Other Appropriate Party for any overpayment or underpayment of the Grid Management Charge that the ISO determines occurred due to error, omission, or miscalculation by the ISO or the Scheduling Coordinator or Other Appropriate Party.

**8.5 Operating and Capital Reserves Account.**

Revenues collected to fund the ISO financial operating reserves shall be deposited in an Operating and Capital Reserves Account until such account reaches a level specified by the ISO Governing Board. If the Operating and Capital Reserves Account is fully funded, surplus funds will be considered an offset to the revenue requirement in the next fiscal year's operating budget.

**8.6 Transition Mechanism.**

During the ten-year transition period described in Section 4 of Schedule 3 to Appendix F, the Original Participating TOs collectively shall pay to the ISO each year an amount equal to the sum annually, for all New Participating TOs, of: (a) the difference between (i) the amount that the New Participating TO pays for Grid Management Charges in accordance with Schedule 1 of Appendix F; and (ii) the amount that the New Participating TO would have paid for Grid Management Charges if the participant had not become a New Participating TO; reduced by (b) the amount, if any, by which the cost of High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the Service Area of the Participating TO is reduced by the implementation of the High Voltage Access Charge described in Schedule 3 to Appendix F; or increased by (c) the amount, if any, by which the cost of High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the Service Area of the Participating TO is increased by the implementation of the High Voltage Access Charge described in Schedule 3 to Appendix F. Responsibility for such payments shall be allocated to Original Participating TOs in

**Ancillary Services and  
Real-Time Energy  
Operations Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing ancillary service and real-time energy related services, including, but not limited to:

- providing for Ancillary Services and Energy balancing services, including providing for open and non-discriminatory access for market-making activities for participants through auctions;
- posting of market information;
- market surveillance and analysis; and

Settlement, billing, and metering related to the above.

**Applicable Reliability  
Criteria**

The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time, including any requirements of the NRC.

**Applicants**

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and any others as applicable.

**Schedule 1**

**Grid Management Charge**

**Part A – Monthly Calculation of Grid Management Charge (GMC)**

The Grid Management Charge consists of three separate service charges: the Control Area Services Charge, the Congestion Management Charge, and the Ancillary Services and Real-Time Energy Operations Charge.

1. The rate for the Control Area Services Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Control Area Gross Load and exports, in MWh.
2. The rate for the Congestion Management Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding flows pursuant to Existing Contracts) per path in MWh.
3. The rate for the Ancillary Services and Real-Time Energy Operations Charge will be calculated by dividing the GMC costs allocated to this service charge by the total purchases and sales (including out-of-market transactions) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed) in MWh.

**Part B – Quarterly Adjustment, If Required**

Each component rate of the Grid Management Charge will be adjusted automatically on a quarterly basis, up or down, so that rates reflect the ISO's FERC approved revenue requirement, if the estimated billing determinant volumes for that component, on an annual basis, change by 5% or more during the year.

Each year the Grid Management Charge may be recalculated to reflect the following year's budget estimates and to adjust for any difference between the previous year's revenue and cost estimates and actual revenues and costs, as reflected in Part D of this Schedule, "Information Requirements". The annual or periodic filing (which is described in Part D and is not the quarterly adjustment) shall not affect the automatic adjustment of the Grid Management Charge on a quarterly basis, as set forth in the first paragraph of this Part B.

**Part C – Costs Recovered through the GMC**

As provided in Section 8 of the ISO Tariff, the Grid Management Charge includes the following costs:

- Operating costs (as defined in Section 8.2.2)
- Financing costs (as defined in Section 8.2.3), including Start-Up and Development costs and
- Operating and Capital Reserve costs (as defined in Section 8.2.4)

Such costs, for the ISO as a whole, are allocated to the three service charges that comprise the Grid Management Charge: (1) Control Area Services Charge, (2) Congestion Management Charge, and (3) Ancillary Services and Real-Time Energy Operations Charge, using appropriate methodologies, and

adjusted annually for:

- any surplus revenues from the previous year as deposited in the Operating and Capital Reserve Account, as defined under Section 8.5, or deficiency of revenues, as recorded in a memorandum account;

divided by:

- forecasted annual billing determinant volumes in MWh;

adjusted quarterly for:

- a change in the volume estimate used to calculate the individual Grid Management Charge components, if, on an annual basis, the change is 5% or more.

The Grid Management Charge revenue requirement Formula is as follows:

Grid Management Charge revenue requirement =

- Operating Expenses + Debt Service + [(Coverage Requirement x Senior Lien Debt Service) and/or (Cash Funded Capital Expenditures)] - Interest Earnings - Other Revenues - Reserve Transfer

Where,

- **Operating Expenses** = O&M Expenses plus Taxes Other Than Income Taxes and Penalties

- **O&M Expenses** = Transmission O&M Expenses (Accounts 560-574) plus Customer Accounting Expenses (Accounts 901-905) plus Customer Service and Informational Expenses (Accounts 906-910) plus Sales Expenses (Accounts 911-917) plus Administrative & General Expenses (Accounts 920-935)
- **Taxes Other Than Income Taxes** = those taxes other than income taxes which relate to ISO operating income (Account 408.1)
- **Penalties** = payments by the ISO for penalties or fines incurred for violation of WSCC reliability criteria (Account 426.3)
- **Debt Service** = for any fiscal year, scheduled principal and interest payments, sinking fund payments related to balloon maturities, repayment of commercial paper notes, net payments required pursuant to a payment obligation, or payments due on any ISO notes. This amount includes the current year accrued principal and interest payments due April 15 of the following year.
- **Coverage Requirement** = 25% of the Senior Lien Debt Service.
- **Senior Lien Debt Service** = all Debt Service that has a first lien on ISO Net Operating Revenues (Account 128 subaccounts).
- **Cash Funded Capital Expenditures** = Post current fiscal year capital additions (Accounts 301-399) funded on a pay-as-you-go basis.
- **Interest Earnings** = Interest earnings on Operating and Capital Reserve balances (Account 419). Interest on bond or note proceeds specifically designated for capital projects or capitalized interest is excluded.
- **Other Revenues** = Amounts booked to Account 456 subaccounts. Such amounts include but are not limited to application fees, WSCC security coordinator reimbursements, and fines assessed and collected by the ISO.
- **Reserve Transfer** = the projected reserve balance for December 31 of the prior year less the Reserve Requirement as adopted by the ISO Board and FERC. If such amount is negative, the amount may be divided by two, so that the reserve is replenished within a two-year period. (Account 128 subaccounts)
- **Reserve Requirement** = 15% of Annual Operating Expenses.

A separate Revenue Requirement shall be established for each component of the Grid Management Charge by developing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories using appropriate allocation methodologies.

#### **Part D – Information Requirements**

##### Budget Schedule

The ISO Governing Board shall set forth a budget schedule that shall specify the dates for the budget posting and public workshop events noted below and other significant budget related milestones providing an opportunity for public input.

##### Budget Posting

The ISO will post on its Internet site the preliminary proposed ISO operating and capital budget to be effective during the subsequent fiscal year, and the projected billing determinant volumes used to develop the rate for each component of the Grid Management Charge.



#### Public Workshop

Subsequent to the website posting, and prior to the Board approval of the budget, the ISO shall hold a public budget workshop where it will provide an overview of and answer questions from stakeholders on the proposed budget, cost allocation, and the charges for each of the ISO's services for the following year.

#### Annual or Periodic Filing

If a change is proposed in the ISO annual revenue requirement from the most recent FERC approved annual revenue requirement, the ISO will make a filing under Section 205 of the Federal Power Act at FERC that shall contain cost data on the ISO presented in conformance with the FERC Uniform System of Accounts (USA). This filing shall contain such information as is required to set the GMC unit rate for the following fiscal year or period, including the criteria used to set the projected billing determinant volumes, and a description of the process used to allocate the ISO's total costs into the revenue requirements for each of the component charges of the GMC.

#### Periodic Financial reports

The ISO will create periodic financial reports consisting of an income statement, balance sheet, statement of operating reserves, and such other reports as are required by the ISO Board of Governors. The periodic financial reports will be posted on the ISO's Website not less than quarterly.

**APPENDIX A**  
**GRID MANAGEMENT CHARGE COMPUTATION**

The Grid Management Charge will be calculated in the following manner, with the numerator of each of the equations listed below being determined as a percentage of the total ISO budget, and the denominator (billing determinant volume) for each formula being an estimated annual value:

	=	Costs recovered through the <u>Control Area Services Charge</u> Control Area Gross Load and exports (MWh)	=	RATE in \$/MWh
GMC Costs	=	Costs recovered through the <u>Congestion Management Charge</u> total Scheduling Coordinators' inter-zonal scheduled flow (excluding Flows pursuant to Existing Contracts) per path (MWh)	=	RATE in \$/MWh
	=	Costs recovered through the <u>Ancillary Services and Real-Time Energy Operations Charge</u> total purchases and sales Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) (MWh)	=	RATE in \$/MWh

California Independent System Operator Corporation  
Tariff Sheets

**BLACKLINE SHEETS**

#### **8.2.4 Operating and Capital Reserves Cost.**

The budgeted annual cost of pay-as-you-go capital expenditures and reasonable coverage of debt service obligations. Such reserves shall be utilized to minimize the impact of any variance between forecast and actual costs throughout the year (“Operating and Capital Reserves Costs”).

#### **8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators and Other Appropriate Parties.**

The costs recovered through the Grid Management Charge shall be allocated to the three service charges that comprise the Grid Management Charge. If the ISO’s revenue requirement for any service charge changes from the most recent FERC–approved revenue requirement for that service charge, ~~t~~The costs recovered through each ~~that~~ service charge shall be delineated in an annual filing to be made at FERC as set forth in Section 8.4. The three service charges are as follows:

- (1) Control Area Services Charge,
- (2) Congestion Management Charge, and
- (3) Ancillary Services and Real-Time Energy Operations Charge.

The three charges shall be levied separately monthly in arrears on all Scheduling Coordinators and Other Appropriate Parties based on the billing determinants specified below for each charge.

##### **8.3.1 Control Area Services Charge.**

The Control Area Services Charge for a Scheduling Coordinator or Other Appropriate Party is calculated as the product of the rate for the Control Area Services Charge and the Control Area Gross Load and exports of the Scheduling Coordinator or Other Appropriate Party. The rate for the Control Area Services Charge is determined by dividing the GMC costs allocated to this

service category by the total Control Area Gross Load and exports, according to the formula in Appendix F, Schedule 1, Part A of this Tariff.

### **8.3.2 Congestion Management Charge.**

The Congestion Management Charge for each Scheduling Coordinator is calculated as the product of the rate for the Congestion Management Charge and the absolute value of the net scheduled inter-zonal flow (excluding flows pursuant to Existing Contracts) per path for that Scheduling Coordinator. The rate for the Congestion Management Charge is determined by dividing the GMC costs allocated to this service category by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path, according to the formula in Appendix F, Schedule 1, Part A of this Tariff.

### **8.3.3 Ancillary Services and Real-Time Energy Operations Charge.**

The Ancillary Services and Real-Time Energy Operations Charge for each Scheduling Coordinator or Other Appropriate Party is calculated as the product of the rate for the Ancillary Services and Real-Time Energy Operations Charge and the Scheduling Coordinator's or Other Appropriate Party's total purchases and sales (including out-of-market energy resources) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed), ~~plus 50% of effective self-provision of Ancillary Services.~~ The rate for the Ancillary Services and Real-Time Energy Operations Charge is determined by dividing the GMC costs allocated to this service category by the total purchases and sales of Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) ~~and 50% of effective self-provision of Ancillary Services~~ according to the formula in Appendix F, Schedule 1, Part A of this Tariff. Energy procured to cover line losses or other transmission losses also shall be assessed this charge.

#### **8.4 Calculation and Adjustment of the Grid Management Charge.**

The three charges set forth in Section 8.3 that comprise the Grid Management Charge shall be calculated annually by summing the Operating Costs (less any available expense recoveries), Financing Costs, and Operating and Capital Reserves Costs associated with each of the three ISO services, to obtain a total Revenue Requirement. A separate Revenue Requirement for each component of the GMC shall be established by dividing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories. The Revenue Requirement for each service then shall be divided by the forecast annual or periodic billing determinant volume to obtain a rate for each service, which will be payable by Scheduling Coordinators and Other Appropriate Parties as set forth in Section 8.3. The rates so established may be adjusted annually, or over such lesser period as approved by the ISO Governing Board and filed with the FERC, through a filing with the FERC under Section 205 of the Federal Power Act to reflect any change in the annual revenue requirement, variance between forecast and actual costs for the previous year or period, or any surplus revenues from the previous year or period (as defined in Section 8.5), or the inability to recover from a Scheduling Coordinator or Other Appropriate Party its share of the Grid Management Charge, or any under-achievement of a forecast of the billing determinant volumes used to establish the rates. Appendix F, Schedule 1, Part B of this Tariff sets forth the conditions under which a quarterly adjustment to the Grid Management Charge may will be made without a filing under Section 205 of the Federal Power Act.

##### **8.4.1 Credits and Debits of the Grid Management Charge.**

In addition to the adjustments permitted under Section 11.6.3.3, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator or Other Appropriate Party for any overpayment or underpayment of the Grid Management Charge that the ISO determines occurred due to error, omission, or miscalculation by the ISO or the Scheduling Coordinator or Other Appropriate Party.

### **8.5 Operating and Capital Reserves Account.**

Revenues collected to fund the ISO financial operating reserves shall be deposited in an Operating and Capital Reserves Account until such account reaches a level specified by the ISO Governing Board. If the Operating and Capital Reserves Account is fully funded, surplus funds ~~may~~will be considered an offset to the rRevenue rRequirement in the next fiscal year's operating budget.

**Ancillary Services and  
Real-Time Energy  
Operations Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of providing ancillary service and real-time energy related services, including, but not limited to:

- providing for Ancillary Services and Energy balancing services, including providing for open and non-discriminatory access for market-making activities for participants through auctions;
- posting of market information;
- market surveillance and analysis;
- ~~administering self-provision of ancillary services;~~ and

Settlement, billing, and metering related to the above.

**Applicable Reliability  
Criteria**

The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time, including any requirements of the NRC.

**Applicants**

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and any others as applicable.



## Schedule 1

### Grid Management Charge

#### **Part A – Monthly Calculation of Grid Management Charge (GMC)**

The Grid Management Charge consists of three separate service charges: the Control Area Services Charge, the Congestion Management Charge, and the Ancillary Services and Real-Time Energy Operations Charge.

1. The rate for the Control Area Services Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Control Area Gross Load and exports, in MWh.
2. The rate for the Congestion Management Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding flows pursuant to Existing Contracts) per path in MWh.
3. The rate for the Ancillary Services and Real-Time Energy Operations Charge will be calculated by dividing the GMC costs allocated to this service charge by the total purchases and sales (including out-of-market transactions) of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed) in MWh ~~plus 50% of effective self-provision of ancillary services in MWh.~~

**Part B – Quarterly Adjustment, If Required**

~~Each component rate of the Grid Management Charge will be adjusted automatically on a quarterly basis, up or down, so that rates reflect the ISO's FERC approved revenue requirement, if the estimated billing determinate volumes for that component, on an annual basis, change by 5% or more during the year. Additionally, each component rate of the Grid Management Charge may change quarterly to reflect anticipated cost savings projected during the current fiscal year, or to reflect unanticipated collections of fines and penalties as specified elsewhere in this Tariff. Such quarterly adjustments to the ISO Revenue Requirement are intended only for reductions of the Revenue Requirement.~~

Each year the Grid Management Charge ~~will~~ may be recalculated to reflect the following year's budget estimates and to adjust for any difference between the previous year's revenue and cost estimates and actual revenues and costs, as reflected in Part D of this Schedule, "Information Requirements". The annual ~~or periodic~~ filing requirement (which is described in Part D and is not the quarterly adjustment) shall not affect the ISO's ~~ability to adjust~~ automatic adjustment of the Grid Management Charge on a quarterly basis, ~~when warranted, as set forth in the first paragraph of this Part B.~~

**Part C – Costs Recovered through the GMC**

As provided in Section 8 of the ISO Tariff, the Grid Management Charge includes the following costs:

- Operating costs (as defined in Section 8.2.2)
- Financing costs (as defined in Section 8.2.3), including Start-Up and Development costs and
- Operating and Capital Reserve costs (as defined in Section 8.2.4)

Such costs, for the ISO as a whole, are allocated to the three service charges that comprise the Grid Management Charge: (1) Control Area Services Charge, (2) Congestion Management Charge, and (3) Ancillary Services and Real-Time Energy Operations Charge, using appropriate methodologies, and

adjusted annually for:

- any surplus revenues from the previous year as deposited in the Operating and Capital Reserve Account, as defined under Section 8.5, or deficiency of revenues, as recorded in a memorandum account;

divided by:

- forecasted annual billing determinant volumes in MWh;

adjusted quarterly for:

- a change in the volume estimate used to calculate the individual Grid Management Charge components, if, on an annual basis, the change is 5% or more.

The Grid Management Charge Revenue Requirement Formula is as follows:

Grid Management Charge Revenue Requirement =

- Operating Expenses + Debt Service + [(Coverage Requirement x Senior Lien Debt Service) and/or (Cash Funded Capital Expenditures)] - Interest Earnings - Other Revenues - Reserve Transfer

## **Part D – Information Requirements**

### Budget Schedule

The ISO Governing Board shall set forth a budget schedule that shall specify the dates for the budget posting and public workshop events noted below and other significant budget related milestones providing an opportunity for public input.

### Budget Posting

The ISO will post on its Internet site the preliminary proposed operating and capital budget to be effective during the subsequent fiscal year, and the projected billing determinant volumes used to develop the rate for each component of the Grid Management Charge.

### Public Workshop

Subsequent to the website posting, and prior to the Board approval of the budget, the ISO shall hold a public budget workshop where it will provide an overview of and answer questions from stakeholders on the proposed budget, cost allocation, and the charges for each of the ISOs services for the following year.

### Annual or Periodic Filing

If a change is proposed in the ISO annual revenue requirement from the most recent FERC approved annual revenue requirement, ~~The ISO will make a filing under Section 205 of the Federal Power Act at FERC each year that~~ shall contain cost data on the ISO presented in conformance with the FERC Uniform System of Accounts (USA). This filing shall contain such information as is required to set the GMC unit rate for the following fiscal year or period, including the criteria used to set the projected billing determinant volumes, and a description of the process used to allocate the ISO's total costs into the revenue requirements for each of the component charges of the GMC.

### Periodic Financial reports

The ISO will create periodic financial reports consisting of an income statement, balance sheet, statement of operating reserves, and such other reports as are required by the ISO Board of Governors. The periodic financial reports will be posted on the ISO's Website not less than quarterly.

**APPENDIX A**  
**GRID MANAGEMENT CHARGE COMPUTATION**

The Grid Management Charge will be calculated in the following manner, with the numerator of each of the equations listed below being determined as a percentage of the total ISO budget, and the denominator (billing determinant volume) for each formula being an estimated annual value:

	=	Costs recovered through the <u>Control Area Services Charge</u> Control Area Gross Load and exports (MWh)	=	RATE in \$/MWh
GMC Costs	=	Costs recovered through the <u>Congestion Management Charge</u> total Scheduling Coordinators' inter-zonal scheduled flow (excluding Flows pursuant to Existing Contracts) per path (MWh)	=	RATE in \$/MWh
	=	Costs recovered through the <u>Ancillary Services and Real-Time Energy Operations Charge</u> total purchases and sales Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) (MWh) <del>plus 50% of effective</del> <del>self-provision of Ancillary Services and</del> <del>Real-Time Energy Operations Charge</del>	=	RATE in \$/MWh