

\* \* \* \*

**FTR Market**

A transmission path from an originating Zone to a contiguous receiving Zone for which FTRs are auctioned by the ISO in accordance with Section [9-436.4](#) of the ISO Tariff.

*[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]*

\* \* \* \*

**Interest**

Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in [SABP-6-10-5Section 11.2.1](#). When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

*[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]*

\* \* \* \*

**Market Monitoring Unit**

The component of the ISO organization (currently the “Department of Market Monitoring”) that is assigned responsibility in the first instance for the functions of a Market Monitoring Unit, as that term is used in Docket No. EL01-118.

*[Shading removed pursuant to Dec. 19, 2005 FERC Order accepting the Aug. 1, 2005 compliance filing in Amendment No. 55 Docket No. ER03-1102]*

\* \* \* \*

**SUDC (Small Utility  
Distribution Company)**

An entity that owns a Distribution System that is capable of transmitting or delivery of Energy to and/or from the ISO Controlled Grid that provides retail electric service to End-Use Customers, and has the following characteristics:

1. Annual peak Demand is 25 MW or less;
2. The Distribution System is not in a local reliability area defined by the ISO; and
3. Good Utility Practice was used in designing all substation facilities that are owned or operated by the entity and

interconnected to the ISO Controlled Grid, and none of those substations have transmission circuit breakers.

***[New definition added pursuant to FERC Order in Amendment No. 70 Docket No. ER05-1025,112 FERC ¶ 61,323].***

\* \* \* \*

**Wheeling Access Charge**

The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section ~~7.426.1~~. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge may consist of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.

***[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]***

\* \* \* \*

**[Appendix B.2]**

**4.1.1 Identification of Generating Units.** The Participating Generator has identified the Generating Units that it owns, operates or has a contractual entitlement to in Schedule 1, as required by Section ~~5.34.6.4~~ of the ISO Tariff.

***[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]***

\* \* \* \*

**[Appendix B.2]**

**4.4.1 Major Incident Reports.** The Participating Generator shall promptly provide such information as the ISO may reasonably request in relation to major incidents, in accordance with Section ~~5.8.34.6.7.3~~ of the ISO Tariff.

***[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]***

\* \* \* \*

**[Appendix B.4]**

**4.2.2 Dispatchable Load.** The Participating Load shall schedule Dispatchable Load pursuant to Section ~~2.2.11.130.2.1~~ of the ISO Tariff. Dispatchable Load shall comply with the ISO's communication and metering requirements.

***[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]***

\* \* \* \*

**ISO TARIFF APPENDIX B.10**

**Small Utility Distribution Company Operating Agreement**

*[New Appendix B.10 below added pursuant Amendment No. 70 in Docket ER05-1025 as accepted by the Commission in 112 FERC ¶ 61,323 with cross references updated to conform to Simplified and Reorganized Tariff in Docket No. ER05-1501.]*

**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR**

**AND**

**[SMALL UTILITY DISTRIBUTION COMPANY]**

**SMALL UTILITY DISTRIBUTION  
COMPANY OPERATING AGREEMENT**

**SMALL UTILITY DISTRIBUTION COMPANY  
OPERATING AGREEMENT**

**THIS OPERATING AGREEMENT** is dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and is entered into, by and between:

(1) **[Full legal name of SUDC]**, having its registered and principal place of business located at **[Address]** (the "SUDC");

and

(2) **California Independent System Operator Corporation**, a California non-profit public benefit corporation having its principal place of business located in such place in the State of California as the ISO Governing Board may from time to time designate, initially 151 Blue Ravine Road, Folsom, California 95630 (the "ISO").

The SUDC and the ISO are hereinafter referred to individually as "Party" and collectively as "Parties".

**Whereas:**

- A. The purpose of this Operating Agreement is to establish the rights and obligations of the SUDC and the ISO with respect to the SUDC's Facilities interconnected with the ISO Controlled Grid and the SUDC's cooperation and coordination with the ISO regarding reliability and the operational control of the ISO Controlled Grid and the SUDC's Distribution System.
- B. The SUDC owns and operates a small Distribution System within the ISO Control Area subject to the authority of a Local Regulatory Authority.
- C. The SUDC wishes to receive and transmit Energy and/or Ancillary Services to and/or from the ISO Controlled Grid under the terms and conditions set forth in the ISO Tariff.
- D. The ISO has certain statutory obligations under California law to maintain the reliability of the ISO Controlled Grid.
- E. The Parties recognize that while a single SUDC has little or no ability to materially, adversely affect reliability of the ISO Controlled Grid or the ISO Control Area, the SUDC agrees to support and be part of the coordinated response to System Emergencies and to reliability concerns relating to the ISO Control Area as set forth in this Operating Agreement.
- F. This Operating Agreement obligates the SUDC to comply with the sections of the ISO Tariff, the ISO Operating Procedures and the ISO Specifications specified in this Operating Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

**ARTICLE I  
DEFINITIONS AND INTERPRETATION**

**1.1 Master Definitions Supplement.** Unless defined in Section 1.2 of this Operating Agreement, all defined terms and expressions used in this Operating Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the ISO Tariff.

**1.2 Special Definitions for this Operating Agreement.** In this Operating Agreement, the following words and expressions shall have the meanings set opposite them:

**“ISO Specifications”** means those standards pertaining to the areas of operation listed in Article IV of this Operating Agreement and listed in Schedule 6, approved by the ISO to establish detailed technical performance and reliability parameters at the ISO Controlled Grid and SUDC Interconnection, associated with the ISO Tariff, as those standards may be amended from time to time.

**“ISO Operating Procedures”** means those procedures pertaining to the areas of operation listed in Article IV of this Operating Agreement and listed in Schedule 9, created by the ISO to establish detailed operating procedures at the ISO Controlled Grid and SUDC Interconnection, associated with general provisions required in the ISO Tariff, as those standards may be amended from time to time.

**“SUDC Facilities”** shall have the meaning accorded to such term as provided in Section 3.2 of this Operating Agreement.

**1.3 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Operating Agreement:

- (a) if there is any inconsistency between this Operating Agreement and the ISO Tariff, the ISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) “includes” or “including” shall mean “including without limitation”;
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Operating Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference in this Operating Agreement to a given agreement, instrument or the ISO Tariff shall be a reference to that agreement, instrument or the ISO Tariff as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and the captions and headings in this Operating Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Operating Agreement.

**ARTICLE II**  
**TERM AND TERMINATION**

**2.1 Effective Date.** This Operating Agreement shall be effective as of the date it is accepted for filing and made effective by the FERC and shall remain in full force and effect until the earlier of the termination date, the termination of the Transmission Control Agreement or such other date as the Parties shall mutually agree. With respect to any such termination, the ISO must file a timely notice of termination with FERC, and this Operating Agreement shall terminate on the date FERC permits such a notice of termination to be effective.

**2.2 Termination Date.**

**2.2.1 Termination by Default.** Either Party (the terminating Party) may terminate this Operating Agreement by giving written notice in the event that the other Party (the defaulting Party) commits any default under this Operating Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within 30 days after the terminating Party has given the defaulting Party written notice of the default, unless excused by reason of Uncontrollable Forces under Article X of this Operating Agreement.

**2.2.2 Failure To Meet SUDC Definition.** Failure of a SUDC to satisfy the ISO Tariff definition of a SUDC shall be grounds for the ISO to terminate this Operating Agreement. In the event the ISO believes the SUDC no longer satisfies the ISO Tariff definition of a SUDC, the ISO shall provide written notification of the same to the SUDC and the SUDC shall have 60 days to respond. Following the 60-day response period and regardless of the position of the SUDC, if the ISO believes the SUDC no longer satisfies the ISO Tariff definition of a SUDC regardless of the response, the ISO may file a notice of termination with FERC in accordance with Section 2.2.3.

**2.2.3 Filing.** With respect to any notice of termination given pursuant to this Section 2.2, the ISO must file a timely notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request by either Party to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within 30 days of receipt of such request. This Operating Agreement shall terminate on the date FERC permits such a notice of termination to be effective.

**ARTICLE III**  
**GENERAL TERMS AND CONDITIONS**

**3.1 SUDC Responsibilities.** The SUDC will be responsible to operate and maintain its SUDC Facilities in accordance with applicable reliability standards, statutes, and regulations and Good Utility Practice so as to avoid any material adverse impact on the reliability of the ISO Control Area and the ISO Controlled Grid.

**3.2 Interconnection and SUDC Facilities.** Schedule 1 sets forth the SUDC's Generating Units, if any, and those facilities that comprise the interconnection of the SUDC Distribution System and the ISO Controlled Grid. These facilities will be considered the "SUDC Facilities" and, except as otherwise expressly provided, the provisions of this Operating Agreement shall apply only to such SUDC Facilities.

**3.3 Non-SUDC Facilities.** To assist the ISO in cataloging non-SUDC facilities located in the ISO Control Area and for information purposes only, Schedule 2 sets forth any non-SUDC Generating Units or other facilities that are interconnected to the SUDC Distribution System. Such non-SUDC facilities are not owned or operated by the SUDC.

**3.4 Agreement Subject to ISO Tariff.** Notwithstanding anything to the contrary herein, the Parties agree that they will comply with Section 34.5 of the ISO Tariff, and any other applicable provisions of the ISO Tariff specifically referenced in this Operating Agreement. This Operating Agreement shall be subject to such provisions of the ISO Tariff, which shall be deemed to be incorporated to the extent referenced herein, as the same may be changed or superseded from time to time pursuant to Sections 46.422.10.1 and 20.4.322.4.3 of the ISO Tariff. Nothing in this Operating Agreement shall affect in any way the authority of the ISO to unilaterally make application to FERC for a change in the ISO Tariff under Section 205 of the Federal Power Act, nor shall anything in this Operating Agreement affect the right of either Party to file a complaint under Section 206 of the Federal Power Act regarding the ISO Tariff.

**3.5 Operation of ISO Controlled Grid.** The ISO shall operate the ISO Control Area and the ISO Controlled Grid in accordance with the ISO Tariff and the Transmission Control Agreement to which it is a party.

**3.6 ISO Specifications and ISO Operating Procedures.**

**3.6.1 Compliance with ISO Specifications and ISO Operating Procedures.** The SUDC will abide by and will perform all of the obligations under the ISO Specifications identified in Schedule 6 and ISO Operating Procedures identified in Schedule 9 in respect of all matters set forth therein as the same may be changed or superseded from time to time pursuant to the procedures set forth in Sections 46.422.10.1 and 20.4.322.4.3 of the ISO Tariff. In the event of any conflict or dispute over interpretation, those sections of the ISO Tariff identified herein shall, at all times, take precedence over such ISO Specifications and ISO Operating Procedures. The ISO shall not implement any reliability requirements, operating requirements or performance standards that would impose increased costs on the SUDC without giving due consideration to whether the benefits of such requirements or standards are sufficient to justify such increased costs. In any proceeding concerning the cost recovery by the SUDC of capital and operation and maintenance costs incurred to comply with ISO Specifications and ISO Operating Procedures, the ISO shall to the extent practicable, at the request of the SUDC, provide specific information in a form that may be readily understood by the general public regarding the nature of, and need for, the ISO-imposed requirements or standards to enable the SUDC to use this information in public hearings in support of cost recovery through rates and tariffs.

**3.6.2 Review of ISO Specifications and ISO Operating Procedures.** The ISO shall periodically review with the SUDC the ISO Specifications identified in Schedule 6 and ISO Operating Procedures identified in Schedule 9 and shall modify such ISO Specifications and/or ISO Operating Procedure as provided in Section 3.6.1. If a new ISO Specification or ISO Operating Procedure applicable to the SUDC is adopted pursuant to Section 3.6.1, the ISO shall provide a revised version of Schedule 6 or Schedule 9 to the SUDC. Any changes to Schedule 6 or Schedule 9 will not constitute an amendment to this Operating Agreement.

**3.6.3 Periods When Compliance is Required.** While awaiting dispute resolution or regulatory review, the SUDC shall not be required to comply with changes to the ISO Specifications and ISO Operating Procedures, except where compliance is necessary in order to prevent or remedy an imminent System Emergency.



- 3.7 Utilization of Certified Scheduling Coordinator.** The SUDC shall utilize an ISO-certified Scheduling Coordinator to schedule Energy and Ancillary Services to or from the ISO Controlled Grid. At the time when the SUDC retains such Scheduling Coordinator, the SUDC shall confirm that the Scheduling Coordinator has entered into a Scheduling Coordinator Agreement with the ISO that is currently in effect.
- 3.8 Single Point of Contact.** The ISO and the SUDC shall each provide a single point of contact for the exchange of operational procedures and information. Details of requirements relating to and the identity of the initial points of contact are set forth in Schedule 3.
- 3.9 SUDC Compliance.** In the event the ISO believes that the SUDC has failed to comply with any provision of the ISO Tariff created after the effective date applicable to the SUDC in accordance with this Operating Agreement, the ISO shall notify the SUDC of such alleged failure and, if requested, shall meet with the SUDC regarding such alleged failure to comply. If the Parties cannot reach agreement on the alleged failure to comply, then the ISO may, if applicable, invoke Section 2.2.1 of this Operating Agreement.

#### **ARTICLE IV** **OPERATIONAL COORDINATION**

- 4.1 Maintenance Coordination.** The SUDC shall coordinate its SUDC Facilities Outage requirements with the Participating TO with which it is interconnected. The SUDC will provide the ISO with copy of any written information regarding Outages of the SUDC Facilities that could cause a material adverse impact on the reliability of the ISO Controlled Grid. To the extent the SUDC schedules maintenance of SUDC Facilities that has a reasonable potential to cause a material adverse impact to reliability of the ISO Controlled Grid, the SUDC shall notify the ISO of such maintenance when it becomes known, and that information will be updated quarterly or as changes occur to the proposed schedule. Consistent with the SUDC's normal record generation and retention practices, the SUDC will record the details for all such work and shall provide available records when it is known, quarterly, or upon written request by the ISO.
- 4.2 System Emergencies.** The responsibilities of the Parties in relation to System Emergencies are stated in Sections 31.4, 31.5 and the Dispatch Protocol 5.4, 5.5, as well as Section 34 and Section 7 of the ISO Tariff, the ISO Operating Procedures identified in Schedule 9, and in Schedule 4.
- 4.3 System Emergency Response.** The SUDC will participate in Load Shedding by reducing Load on a voluntary basis when the ISO declares a Stage 1 System Emergency. The SUDC will use any available local communication infrastructure to request that its customers curtail their electricity usage. The SUDC will not be called separately in Stage 3 System Emergencies to manually shed Load. Load restoration of any voluntary Load reduction may not commence until such time as the ISO declares that a System Emergency no longer exists. The responsibilities of the Parties to direct and to accept direction for Load reduction or other emergency plans are stated in Sections 31.45.4 and 31.55.5 of the ISO Tariff, and the ISO Operating Procedures identified in Schedule 9 and ISO Specifications identified in Schedule 6.
- 4.4 System Disturbance Load Restoration.** The responsibilities of the Parties for restoring Load following a system disturbance are stated in Section 31.5.25.5.2 of the ISO Tariff, the ISO Operating Procedures identified in Schedule 9 and ISO Specifications identified in Schedule 6, and in Schedule 5.

- 4.5 Interconnection Operation Standards.** The ISO and SUDC shall maintain stable established operating parameters and control power and reactive flow within standards stated in Schedule 6.
- 4.6 Records, Information and Reports.** The Parties are required to maintain such records, to share information, and to make such reports as are stated in Section ~~34-1.2~~, ~~34-65.1.2~~, 5.6 and ~~34-85.8~~ of the ISO Tariff, and the ISO Operating Procedures identified in Schedule 9 and the ISO Specifications identified in Schedule 6. In accordance with Schedule 7, the SUDC will cooperate with the ISO regarding its collection, study and transmittal of system data, information, reports, and forecasts, provided that the SUDC need only provide available information to the ISO. Upon the request of the ISO, the SUDC will cooperate with the ISO regarding any ISO review following a major Outage and provide any requested information that is available.
- 4.7 Critical Protective Systems.** The SUDC shall (in accordance with Section 11.2 of this Operating Agreement) notify the ISO as soon as it is reasonably practicable of any condition that it becomes aware of that may compromise the ISO Controlled Grid Critical Protective Systems.
- 4.8 SUDC Distribution System.** The ISO shall (in accordance with Section 11.2 of this Operating Agreement) notify the SUDC as soon as is reasonably practicable of any condition which the ISO becomes aware that may compromise the operation and reliability of the SUDC Distribution System.

## **ARTICLE V** **ACCESS TO FACILITIES**

- 5.1 Access Rights.** Pursuant to Section ~~34-9-15.9.1~~ of the ISO Tariff and Schedule 8 of this Operating Agreement, the ISO and the SUDC shall each have the right to install or to have installed equipment or other facilities, including metering equipment, on the electric utility property of the other necessary for the implementation of this Operating Agreement. The ISO's installation of equipment on the property of the SUDC shall comply with Local Regulatory Authority regulations, except where compliance with Local Regulatory Authority regulations would cause the ISO to violate the ISO Tariff, and with all relevant safety standards. In such case, the SUDC and ISO will work together to resolve the conflict between the Local Regulatory Authority regulations and the ISO Tariff.
- 5.2 Meter Testing.** The SUDC shall, at the request of the ISO and upon reasonable notice, provide access to its facilities necessary to permit the ISO or an ISO-approved meter inspector to perform such testing as necessary in accordance with Section ~~34-9-25.9.2~~ or ~~34-9-45.9.4~~ of the ISO Tariff and the procedures set forth in Schedule 8. For meters that are not owned by the SUDC, the ISO will obtain approval from the meter owner in advance of accessing SUDC's Facilities. Such approval shall be provided to the SUDC upon request.
- 5.3 Emergency Access Rights.** The ISO shall have a right to access the SUDC's equipment or other facilities during a System Emergency in accordance with Section ~~34-9-35.9.3~~ of the ISO Tariff. In a System Emergency, the SUDC shall have a right of access to ISO equipment on SUDC property and SUDC equipment on ISO property without notice.

## **ARTICLE VI** **COSTS**

- 6.1 SUDC Operating and Maintenance Costs.** The SUDC shall be responsible for all costs incurred in connection with procuring, installing, operating and maintaining its facilities identified in Schedule 1 for the purpose of meeting its obligations under this Operating Agreement.

**6.2 ISO Operating and Maintenance Costs.** The ISO shall be responsible for the procurement, installation, operation and maintenance costs of ISO equipment set out in Article V of this Operating Agreement installed on SUDC property.

## **ARTICLE VII** **DISPUTE RESOLUTION**

**7.1 Alternative Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Operating Agreement. In the event any dispute is not settled, the Parties shall adhere to the ISO ADR Procedures set forth in Section 13 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 13 of the ISO Tariff to Market Participants shall be read as a reference to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

## **ARTICLE VIII** **REPRESENTATIONS AND WARRANTIES**

**8.1 Representations and Warranties.** Each Party represents and warrants that its execution, delivery and performance of this Operating Agreement has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

**8.2 Necessary Approvals.** Each Party represents that all necessary approvals, permits, licenses, easements, right of way or access to install, own and operate its facilities subject to this Operating Agreement have been obtained prior to the effective date of this Operating Agreement.

## **ARTICLE IX** **LIABILITY**

**9.1 Extent of Liability.** The provisions of Section 14 of the ISO Tariff will apply to liability arising under this Operating Agreement, except that all references in Section 14 of the ISO Tariff to Market Participants shall be read as references to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

## **ARTICLE X** **UNCONTROLLABLE FORCES**

**10.1 Uncontrollable Forces Tariff Provisions.** Section 4514 of the ISO Tariff shall be incorporated by reference into this Operating Agreement, except that all references in Section 4514 of the ISO Tariff to Market Participants shall be read as a reference to the SUDC and references to the ISO Tariff shall be read as references to this Operating Agreement.

## **ARTICLE XI** **MISCELLANEOUS**

**11.1 Assignments.** Either Party may assign its obligations under this Operating Agreement, with the other Party's prior written consent, in accordance with Section 4722.2 of the ISO Tariff, which is incorporated by reference into this Operating Agreement. Such consent shall not be unreasonably withheld.

**11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Operating Agreement shall be made in accordance with Section 20.422.4 of the ISO Tariff, which is incorporated by reference, except that all reference in Section 20.422.4 to Market Participants shall be read as a reference to the SUDC. A Party must update the information in Schedule 3 of this Operating Agreement as that information changes in accordance with Section 20.422.4 of the ISO Tariff. Such changes will not constitute an amendment to this Operating Agreement.

**11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Operating Agreement, or with respect to any other matter arising in connection with this Operating Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Operating Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Operating Agreement, shall not constitute or be deemed a waiver of such right.

**11.4 Governing Law and Forum.** This Operating Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California except in its conflict of laws provisions. The Parties irrevocably consent that any legal action or proceeding arising under or in relation to this Operating Agreement to which the ISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

**11.5 Consistency with Federal Laws and Regulations.**

(a) Nothing in this Operating Agreement shall compel any person or federal entity to: (1) violate federal statutes or regulations; or (2) in the case of a federal agency, to exceed its statutory authority, as defined by any applicable federal statutes, regulations, or orders lawfully promulgated thereunder. If any provision of this Operating Agreement is inconsistent with any obligation imposed on any person or federal entity by federal law or regulation to that extent, it shall be inapplicable to that person or federal entity. No person or federal entity shall incur any liability by failing to comply with this Operating Agreement that is inapplicable to it by reason of being inconsistent with any federal statutes, regulations, or orders lawfully promulgated thereunder; provided, however, that such person or federal entity shall use its best efforts to comply with the ISO Tariff to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

(b) If any provision of this Operating Agreement requiring any person or federal entity to give an indemnity or impose a sanction on any person is unenforceable against a federal entity, the ISO shall submit to the Secretary of Energy or other appropriate Departmental Secretary a report of any circumstances that would, but for this provision, have rendered a federal entity liable to indemnify any person or incur a sanction and may request the Secretary of Energy or other appropriate Departmental Secretary to take such steps as are necessary to give effect to any provisions of this Operating Agreement that are not enforceable against the federal entity.

**11.6 Integration.** This Operating Agreement constitutes the full agreement of the Parties with respect to the subject matter hereto and supercedes all prior agreements, whether written or oral, with respect to such subject matter.

**11.7 Severability.** If any term, covenant, or condition of this Operating Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Operating Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Operating Agreement.

**11.8 Penalties.** Any penalties to be levied under this Operating Agreement shall be established in accordance with the ISO Tariff and approved by the FERC. Nothing in this Operating Agreement, with the exception of the provisions relating to ADR, shall be construed as waiving the rights of the SUDC to oppose or protest any penalty proposed by the ISO to the FERC or the specific imposition by the ISO of any FERC-approved penalty on the SUDC.

**11.9 Section Headings:** Section headings provided in this Operating Agreement are for ease of reading and are not meant to interpret the text in each Section.

**11.10 Amendments.** This Operating Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information.

**11.11 Counterparts.** This Operating Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Operating Agreement.

**IN WITNESS WHEREOF,** the Parties hereto have caused this Operating Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**[Full name of SUDC]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE 1**

**SYSTEM INTERCONNECTION FACILITIES**

[List to be provided in accordance with the SUDC Operating Agreement.]

**SCHEDULE 2**

**Non-SUDC FACILITIES**

[List to be provided in accordance with the SUDC Operating Agreement.]

**SCHEDULE 3**

**OPERATIONAL CONTACTS**

**ISO:**

Transmission Dispatcher

(Folsom): \_\_\_\_\_

Transmission Dispatcher

(Alhambra): \_\_\_\_\_

Generator Dispatcher:

(Folsom-Primary) \_\_\_\_\_

Generator Dispatcher:

(Alhambra-Backup) \_\_\_\_\_

Real Time Scheduler:

(Folsom) \_\_\_\_\_

Real Time Scheduler:

(Alhambra) \_\_\_\_\_

Pre Scheduler: \_\_\_\_\_

Shift Manager: \_\_\_\_\_

Control Room fax: \_\_\_\_\_

Outage Coordination: \_\_\_\_\_

Fax: \_\_\_\_\_

Director of Grid Operations: \_\_\_\_\_

WECC Reliability Coordinator: \_\_\_\_\_

**SUDC:**

Name of Operations

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Email address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Name of Alternative

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Email address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_



**CONTACTS FOR NOTICES**

**SUDC**

Name of Primary

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax No: \_\_\_\_\_

Name of Alternative

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax No: \_\_\_\_\_

**ISO**

Name of Primary

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax No: \_\_\_\_\_

Name of Alternative

Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax No: \_\_\_\_\_

## **SCHEDULE 4**

### **SYSTEM EMERGENCIES**

The ISO will notify the SUDC's operational contact, as identified in Schedule 2. of the emergency, including information regarding the cause, nature, extent, and potential duration of the emergency. The SUDC contact will then take such actions as are appropriate for the emergency.

The SUDC will make requests for information from the ISO regarding emergencies through the ISO Operations Shift Manager, by the SUDC's operational contact, or the SUDC may coordinate public information with the ISO Communication Coordinator.

For transmission system caused outages the ISO Operations Shift Manager will notify the SUDC contact of any information related to the outage such as cause, nature, extent, potential duration and customers affected.

Available SUDC information and ISO Grid Control Center logs, ISO Electric Switching Orders and ISO Energy Management System temporal database will be used in the ISO's preparation of outage reviews. These documents are defined as the chronological record of the operation of the activities which occur with the portion of the electrical system assigned to that control center. The log shall contain all pertinent information, including orders received and transmitted, relay operations, messages, clearances, accidents, trouble reports, daily switching program, etc.

The SUDC will retain records in accordance with its record retention policy or practice, provided the records associated with this Operating Agreement are retained for a minimum of six years.

## SCHEDULE 5

### SYSTEM DISTURBANCE LOAD RESTORATION

If the SUDC is required to shed load, the SUDC will follow the procedures set forth below in this Schedule 5 in promoting orderly, coordinated restoration of electric systems after a major system disturbance has occurred which resulted in load shedding by frequency relays in California.

1. Immediately after load shedding has occurred in the SUDC, the SUDC will remain in contact with their respective Participating Transmission Owner (PTO) Area Control Center (ACC) until normal frequency has been restored throughout the ISO Control Area or the ISO Shift Manager has concluded that such full-time communications can be terminated. Emergency communications over the California ACC Hot-line will be under the direction of the ISO Shift Manager and the senior dispatcher present at the affected PTO ACC(s).
2. Manual load restoration will not normally be initiated until the California ACC Hot Line is attended. No load is to be manually restored unless directed by the ISO, either directly or through its assignee, provided that the procedure for the ISO's designation of any assignee is agreed to by the SUDC, after the frequency has recovered and there is indication that the frequency can be maintained. The SUDC will await direction from the ISO or its assignee, who will be in contact with the ISO Shift Manager. The ISO Shift Manager will determine whether adequate generation resources are available on line to support the load to be restored.
3. If the ISO cannot meet the WECC and NERC Control Area Disturbance Control Standard or the Control Performance Standard post disturbance, no manual load restoration will be permitted. If the frequency is such that automatic load restoration occurs under these conditions, if the SUDC has restored load automatically, it will manually shed an equivalent amount of load to offset the load which was automatically restored.

## SCHEDULE 6

### INTERCONNECTION OPERATION STANDARDS

The ISO and SUDC shall jointly maintain stable operating parameters and control power and reactive flow in accordance with the capabilities of the SUDC, the ISO Tariff and the following interconnection operation standards.

#### SUDC Responsibilities

1. The SUDC shall operate its SUDC Facilities at each point of interconnection with the ISO Controlled Grid in such manner as to avoid any material adverse impact on the reliability of the ISO Controlled Grid. In accordance with this performance goal, the SUDC shall: i) operate its SUDC Facilities at each point of interconnection with the ISO Controlled Grid in accordance with Good Utility Practice with respect to normal ratings, emergency ratings, voltage limits, and balance of load between electrical phases; and ii) maintain load power factor at each point of interconnection with the ISO Controlled Grid as close as reasonably possible to unity power factor and consistent with Good Utility Practice.

#### ISO Responsibilities

1. The ISO shall operate the ISO Controlled Grid at each point of interconnection with the SUDC in accordance with the ISO Tariff and in such manner as to avoid any material adverse impact on the SUDC Facilities. In accordance with this performance goal, the ISO shall:
2. At the request of the SUDC, participate with the SUDC and Participating TO in the development of joint power quality performance standards and jointly maintain compliance with such standards.
3. Observe SUDC grid voltage limits specified in Attachment 1 including requirements for reduced voltage on ISO Controlled Grid facilities which apply during heavy fog (or other unusual operating conditions) as needed to minimize the risk of insulator flashover.
4. At the request of the SUDC, support SUDC investigation of power quality incidents, and provide related data to the SUDC in a timely manner.
5. Support installation of apparatus on the ISO Controlled Grid to improve power quality, and take all reasonable measures to investigate and mitigate power quality concerns caused by actions or events in neighboring systems or Control Areas.
6. Maintain, or cause to be maintained, load power factor at each SUDC Interconnection as close as reasonably possible to unity power factor and consistent with Good Utility Practice, pursuant to Section 2.5.3.4 of the ISO Tariff.

The Parties may adopt additional operations standards for the interconnection provided such standards are in writing and are mutually agreed to.

**SCHEDULE 6**  
**ATTACHMENT 1**



**SUDC GRID VOLTAGE LIMITS**

[To be determined.]

## **SCHEDULE 7**

### **RECORDS, INFORMATION, REPORTS**

The SUDC shall provide available information to the ISO relating to SUDC system operations reasonably related to system reliability of the ISO Controlled Grid. The Parties shall jointly develop any necessary forms and procedures for collection, study and transmittal of system data, information, reports and forecasts.



## SCHEDULE 8

### RIGHTS OF ACCESS TO FACILITIES

- 1. Equipment Installation.** In order to give effect to this Operating Agreement, a Party that requires the use of particular equipment (the equipment owner) may require installation of such equipment on property owned by the other Party (the property owner), provided that the equipment is necessary to meet the equipment owner's service obligations and that the equipment shall not have a negative impact on the reliability of the service provided, nor prevent the property owner from performing its own obligations or exercising its rights under this Operating Agreement.
- 2. Free Access.** The property owner shall grant to the equipment owner free of charge reasonable installation rights and rights of access to accommodate equipment inspection, maintenance, repair, upgrading, or removal for the purposes of this Operating Agreement, subject to the property owner's reasonable safety, operational, and future expansion needs.
- 3. Notice.** The equipment owner shall provide reasonable notice to the property owner when requesting access for site assessment, equipment installation, or other relevant purposes. Such access shall not be provided unless the parties mutually agree to the date, time, and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld or delayed.
- 4. Removal of Installed Equipment.** Following reasonable notice, the equipment owner shall be required, at its own expense, to remove or relocate equipment, at the request of the property owner, provided that the equipment owner shall not be required to do so if it would have a negative impact on the reliability of the service provided, or be prevented from performing its own obligations or exercising its rights under this Operating Agreement.
- 5. Costs.** The equipment owner shall repair at its own expense any property damage it causes in exercising its rights and shall reimburse the property owner for any other reasonable costs that it may be required to incur to accommodate the equipment owner's exercise of its rights under Section 1 or Section 4.
- 6. Rights to Assets.** The Parties shall not interfere with each other's assets, without prior written agreement.
- 7. Inspection of Facilities.** In order to meet their respective obligations under this Operating Agreement, the ISO may view or inspect SUDC Facilities and the SUDC may view or inspect ISO Grid facilities. Provided that reasonable notice is given, a Party shall not unreasonably deny access to such facilities for viewing or inspection by the requesting Party.
- 8. Access During Emergencies.** Either Party shall have rights of access, without prior notice, to the other Party's equipment as necessary during times of a System Emergency.

**SCHEDULE 9**

**SUDC OPERATING PROCEDURES**

[To be determined.]

\* \* \* \*

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

As provided in Section 8 of the ISO Tariff, the Grid Management Charge includes the following costs, as projected in the ISO's budget for the year to which the Grid Management Charge applies:

- 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 eight service charges that comprise the Grid Management Charge: (1) Core Reliability Services - Demand Charge, (2) Core Reliability Services – Energy Export Charge, (3) Energy Transmission Services Net Energy Charge, (4) Energy Transmission Services Uninstructed Deviations Charge, (5) Forward Scheduling Charge, (6) Congestion Management Charge, (7) Market Usage Charge, and (8) Settlements, Metering, and Client Relations Charge, according to the factors listed in Part E of this Schedule 1, 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;

#### **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 WECC 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 in April 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, WECC reliability coordinator reimbursements, [Line Operator Charges](#), 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 Governing 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 seven service categories using the allocation factors provided in Appendix F, Schedule 1, Part E of this Tariff.

***[Appendix F, Schedule 1, Part C- language revised as approved in Docket Nos. ER04-115 and EL04-47, accepted by the Commission in 112 FERC ¶ 62,329 (2005).]***

\* \* \* \* \*

#### **Part F – Other Modifications to the Rates**

Consistent with a Settlement Agreement accepted by the FERC in Docket Nos. ER04-115-000, et al., GMC rates and charges shall be calculated consistent with the following additional requirements during the period that the GMC rates and charges specified in that Settlement Agreement remain in effect:

1. The GMC chargeable to a Scheduling Coordinator for transactions representing transfers from the Mohave generation facility to the Loads of the Mohave co-owners located outside of the ISO Control Area, will be reduced by excluding 65 percent of those Loads from the Energy Transmission Services Net Energy Charge and the Core Reliability Services – Energy Exports Charge. Such excluded Load shall not be included in the denominators used to calculate the rates for the Energy Transmission Services – Net Energy Charge and the Core Reliability Services – Energy Export Charge.

2. The Forward Scheduling Charge assessed against Schedules submitted by PG&E solely in its role as Path 15 facilitator will be reduced by excluding 65 percent of the number of such Schedules from the Forward Scheduling Charge. Such excluded Schedules shall not be included in the denominator upon which the Forward Scheduling Charge is calculated.

3. Modesto Irrigation District (MID) is a Scheduling Coordinator and also is responsible for a portion of the GMC charges payable by another Scheduling Coordinator, Pacific Gas and Electric

Company (PG&E) pursuant to a contract between them. MID and PG&E have agreed that MID shall pay the ISO directly \$75,000 each month, in lieu of any payments to PG&E for its share of the GMC charges payable by PG&E and the ISO shall credit a portion of the amount received from MID to PG&E as an offset to PG&E's obligation for GMC charges. Any difference, positive or negative, between the amount credited to PG&E and the amount paid by MID to the ISO under this provision shall be reflected in the Operating and Capital Reserves Account. The payment arrangement described in this paragraph is subject to the conditions, and will be implemented pursuant to the procedures, set forth in the Offer of Partial Settlement accepted by the FERC in Docket Nos. ER04-115-000, et al. This arrangement shall not apply to MID's obligation for GMC charges as a Scheduling Coordinator, which shall be governed by the provisions of this Schedule 1 and the other applicable provisions of the ISO Tariff, except that in the event that MID accepts responsibility for scheduling any load currently scheduled by PG&E under SCID PGAB, the ISO will not charge any additional GMC at the tariffed GMC rate, but rather will attribute such schedules and load to the fixed \$75,000.00 per month payment set forth above, provided that MID schedules such load under a new and separate SCID and the ISO shall not assess GMC charges to such SCID.

4. San Diego Gas & Electric is the Scheduling Coordinator for transactions on those portions of the Southwest Power Link ("SWPL") which are owned by the Arizona Public Service Company ("APS") and the Imperial Irrigation District ("IID"), and are scheduled by SDG&E under a designated SCID. Schedules submitted to the ISO under that designated SCID shall not be subject to GMC charges. In lieu of GMC charges, SDG&E will pay the ISO a Line Operator Charge, as agreed to in the SWPL Operations Agreement, entered into by the ISO and SDG&E on May 23, 2005, and submitted to the Commission as a rate schedule pursuant to the Federal Power Act.

***[Appendix F, Schedule 1, Part C- language revised as approved in Docket Nos. ER04-115 and EL04-47, accepted by the Commission in 112 FERC ¶ 62,329 (2005).]***

\* \* \* \* \*

**[Appendix F, Schedule 2]**

**Replacement Reserve Charge**

The Replacement Reserve Charge will be calculated in accordance with ISO Tariff Sections ~~2.5.28.48.12.3A~~ and 11.2.4.1.

***[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]***

\* \* \* \* \*

**[Appendix F, Schedule 3]**

**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 ~~8-626.5~~ 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 26.5 of the ISO Tariff and Section 7 of this Schedule 3; by (ii) the total of all forecasted Gross Load in the PTO Service Territory of the Participating TO, including the UDC and/or MSS Operator. If greater than zero, the Transition Charge shall be collected with the High Voltage Access Charge. If less than zero, the Transition Charge shall be credited with the High Voltage Access Charge. The amount of each Participating TO's NHVTRR shall not be included in the Transition Charge calculation.

**[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]**

\* \* \* \*

**[Appendix F, Schedule 3]**

**7. Limitation**

- (a) During each year of the transition period described in this Schedule 3, the increase in the total payment responsibility applicable to Gross Loads in the PTO Service Territory of an Original Participating TO attributable to the total for the year of (i) the amount applicable for the Original Participating TO under Section ~~8-626.5~~ of the ISO Tariff; plus (ii) the amount applicable to the implementation of the High Voltage Access Charge shall not exceed the amount specified in paragraph (b) of this section. This limitation shall be calculated individually for each Original Participating TO, provided that, if the net effect of clauses (i) and (ii) of this paragraph is positive for one or more Original Participating TOs for any year, the combined net effect shall be allocated among all Original Participating TOs in proportion to the amounts specified in paragraph (b) of this section. This limitation shall be applied by the ISO's calculation annually of amounts payable by New Participating TOs to Original Participating TOs such that the combined effect of clauses (i) and (ii) of this paragraph, and the payments received by each Original Participating TO shall not exceed the amounts specified in paragraph (b) of this section. The amount receivable by the Original Participating TO from the New Participating TOs to implement the limitation in paragraph (b) of this section, shall be credited through the Transition Charge established pursuant to Section 5.7 of this Schedule 3. Payment responsibility under this section, if any, shall be allocated among New Participating TOs in proportion to their TAC Benefits.
- (b) The maximum annual amounts for Original Participating TO shall be as follows:
- (i) For Pacific Gas and Electric Company and Southern California Edison Company, the maximum annual amount shall be thirty-two million dollars (\$32,000,000.00) each; and
- (ii) For San Diego Gas & Electric Company, the maximum annual amount shall be eight million dollars (\$8,000,000.00).

**[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]**

\* \* \* \*

**[Appendix H]**

$P_n$  = The applicable Wheeling Access Charge rate for a TAC Area or Participating TO<sub>n</sub> in \$/kWh as set forth in Section ~~7-4.426.1.4~~ of the ISO Tariff and Section 5 of the TO Tariff.

**[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501]**

\* \* \* \*

**SP 3.2.2**

**~~[Not Used]~~ By 6:00 am, One Day Ahead**

~~By 6:00 am on the day ahead of the Trading Day (for example, by 6:00 am on Tuesday for the Wednesday Trading Day), the following information flows for each Settlement Period of the Trading Day will be required to take place:~~

- ~~(a) Scheduling Coordinators will provide, via WEnet, the ISO with forecasts of their Direct Access Demand by UDC Service Area;~~
- ~~(b) the ISO will publish, via WEnet, an updated forecast of system Demands and of the Ancillary Services requirements; and~~
- ~~(c) the ISO will validate the information submitted above by Scheduling Coordinators and UDCs.~~

**[Appendix Y- changes pursuant to compliance filing made on December 21, 2005 in Amendment No. 72 Docket No. ER05-1502]**

\* \* \* \*

**SP 3.2.6**

**By 10:00 am, One Day Ahead**

By 10:00 am on the day ahead of the Trading Day (for example, by 10:00 am on Tuesday for the Wednesday Trading Day), the following information flows for each Settlement Period of the Trading Day will be required to take place:

- (a) SCs will provide, via WEnet, the ISO with forecasts of their Direct Access Demand by UDC Service Area;
- (b) the ISO will publish, via WEnet, an updated forecast of system Demands and of the Ancillary Services requirements; and
- (c) the ISO will validate (in accordance with the SBP) the information submitted above by SCs and UDCs.

**[Appendix Y- changes pursuant to compliance filing made on December 21, 2005 in Amendment No. 72 Docket No. ER05-1502]**

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