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December 14, 2007

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FEDERAL ENERGY  
REGULATORY COMMISSION

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket Nos. ER07-805-\_\_\_\_ and ER07-1304-\_\_\_\_**

Dear Secretary Bose:

The California Independent System Operator ("CAISO")<sup>1</sup> hereby submits an original and five copies of the instant filing in compliance with the Commission's "Order on Clarification and Rehearing, Accepting Compliance Filing with Modifications, and Accepting Billing Services Agreement," 121 FERC ¶ 61,074, issued in the captioned proceeding on October 22, 2007 ("October 22 Order"), and in response to a request for clarification concerning the October 22 Order. Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger.

## I. Background

This proceeding concerns an amendment to the CAISO Tariff ("NERC/WECC Charge Amendment") to provide for the CAISO's invoicing of NERC/WECC Charges assessed by the Western Electricity Coordinating Council ("WECC") to the CAISO on behalf of load-serving entities ("LSEs") in the CAISO Control Area. The NERC/WECC Charges provide funding for the functions

<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff, and in the instant compliance filing.

performed pursuant to Section 215 of the FPA<sup>2</sup> by the North American Electric Reliability Corporation ("NERC"), the WECC, and the Regional Advisory Body for the WECC.<sup>3</sup> In the NERC/WECC Charge Amendment, the CAISO proposed to calculate NERC/WECC Charges for a given NERC/WECC Charge Assessment Year based on NERC/WECC Metered Demand (which is derived from net energy for load data collected by the WECC) from two years earlier, and to invoice NERC/WECC Charges to Scheduling Coordinators ("SCs"). In the NERC/WECC Charge Amendment, the CAISO proposed the following three approaches and schedules for invoicing NERC/WECC Charges to SCs:

- For the 2007 NERC/WECC Charge Assessment Year, the CAISO proposed to invoice NERC/WECC Charges to each SC on an annual basis using only a single final invoice.
- For the 2008 NERC/WECC Charge Assessment Year, the CAISO proposed to invoice NERC/WECC Charges to each SC using a single annual preliminary invoice and a final annual (true-up) invoice.
- For the 2009 NERC/WECC Charge Assessment Year and beyond, the CAISO proposed to invoice NERC/WECC Charges to each SC using quarterly preliminary invoices and a single final annual (true-up) invoice.<sup>4</sup>

The CAISO proposed that SCs be required to make timely payments to the CAISO pursuant to preliminary invoices and final invoices within thirty (30) Calendar Days of issuance of such invoices.<sup>5</sup>

In an order issued in the proceeding on June 25, 2007,<sup>6</sup> the Commission accepted the CAISO's proposals concerning the 2007 and 2008 NERC/WECC Charge Assessment Years, but directed the CAISO to modify the process for 2009 and beyond so that the CAISO would not issue quarterly preliminary

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<sup>2</sup> Section 215 of the FPA, codified at 16 U.S.C. § 824o, was added to the FPA by the Energy Policy Act of 2005, Pub. L. No. 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005).

<sup>3</sup> The term Regional Advisory Body is defined in Section 39.1 of the Commission's regulations, 18 C.F.R. § 39.1. The Regional Advisory Body for the WECC is the Western Interconnection Regional Advisory Body ("WIRAB").

<sup>4</sup> See Transmittal Letter for NERC/WECC Charge Amendment at 4, 9-10.

<sup>5</sup> NERC/WECC Charge Amendment at Attachment B (Section 11.2.19.5 of the CAISO Tariff).

<sup>6</sup> *California Independent System Operator Corp.*, 119 FERC ¶ 61,316 (2007) ("June 25 Order"). The instant compliance filing only discusses the directives in the June 25 Order that are relevant to this compliance filing.

invoices until January of one year prior to the NERC/WECC Charge Assessment Year, at the earliest.<sup>7</sup> The Commission also directed the CAISO to revise its procedures to include a specific date for the transfer to the WECC of the NERC/WECC Charges the CAISO has collected so as to ensure that the WECC can forward the payments to NERC by January 2 of each year.<sup>8</sup> Further, the Commission directed the CAISO to file the Billing Services Agreement between the CAISO and the WECC regarding the CAISO's provision of certain billing services to facilitate the WECC's collection of NERC/WECC Charges from LSEs within the CAISO Control Area ("Billing Services Agreement").<sup>9</sup>

In the June 25 Order, the Commission also accepted the CAISO's proposal to assess yearly NERC/WECC Charges based on NERC/WECC Metered Demand from two years earlier, on the grounds that the proposal is consistent with previous Commission approval of that methodology and with the WECC's means of calculating its membership dues.<sup>10</sup> The Commission accepted this proposal over the protest of the Alliance for Retail Energy Markets ("AReM"), which had argued that the CAISO should assess NERC/WECC Charges based on NERC/WECC Metered Demand from the previous quarter of each year, in order to reflect current customer load. The Commission explained that "we are not inclined at this time to allow changes to the prescribed allocation methodology since the opportunity for timely adjustments already exists" and that "it is our understanding that WECC will be responsible for handling *pro forma* adjustments regarding changes in the LSEs' net energy for load."<sup>11</sup> Therefore, the Commission stated, "the opportunity to reflect adjustments to load addresses AReM's concern."<sup>12</sup>

On July 25, 2007, the CAISO filed a request for clarification or, in the alternative, rehearing ("CAISO Clarification/Rehearing Request") concerning the directives in the June 25 Order on the process for invoicing NERC/WECC Charges for years after 2007. In its Clarification/Rehearing Request, the CAISO explained that, in light of directives in the June 25 Order, the CAISO proposed to invoice NERC/WECC Charges to SCs annually for all years, using final invoices

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<sup>7</sup> *Id.* at P 38.

<sup>8</sup> *Id.* at P 36.

<sup>9</sup> *Id.* at P 37.

<sup>10</sup> June 25 Order at P 11.

<sup>11</sup> *Id.* at PP 9, 12 & n.18 (citing *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091, at P 151 (2006) ("*Business Plan and Budget Order*"), order on reh'g, 119 FERC ¶ 61,059 (2007)).

<sup>12</sup> June 25 Order at P 12.

only. The CAISO requested clarification that the proposed adoption of a single, final invoice for NERC/WECC Charges is an appropriate approach to comply with the June 25 Order. Alternatively, the CAISO requested that the Commission grant rehearing and direct the CAISO to invoice NERC/WECC Charges on an annual basis, using a single, final invoice, for the year 2008 and thereafter.

In addition, on July 25, 2007, AReM filed a request for clarification or, in the alternative, rehearing ("AReM Clarification/Rehearing Request"). AReM requested that the Commission clarify whether AReM correctly interpreted the June 25 Order with regard to the procedure by which an LSE could obtain an adjustment based on a change in load, and requested that the Commission clarify the process an LSE would follow to obtain an adjustment of its NERC/WECC Charge invoice.

On August 24, 2007, the CAISO submitted a filing ("August 24 Compliance Filing") to comply with the June 25 Order that included, *inter alia*, revisions to the CAISO Tariff to implement the proposal described in its Clarification/Rehearing Request to invoice NERC/WECC Charges to SCs on an annual basis for all years, using final invoices only. In order to comply with the Commission's directive that the CAISO transfer payments it has collected to the WECC in time to ensure that the WECC can forward the payments to NERC by January 2 of each year, the CAISO revised the CAISO Tariff to require that SCs make timely payments to the CAISO pursuant to final invoices within fifteen (15) Business Days (rather than 30 Calendar Days as stated in the NERC/WECC Charge Amendment) of issuance of such invoices.<sup>13</sup> Further, the CAISO provided the Billing Services Agreement in the August 24 Compliance Filing.

In the October 22 Order, the Commission granted the CAISO Clarification/Rehearing Request and accepted the August 24 Compliance Filing as submitted, except with regard to the schedule for invoicing NERC/WECC Charges for years after 2007.<sup>14</sup> As to the schedule for invoicing those NERC/WECC Charges, the Commission stated that "[t]he CAISO's original proposal [in the NERC/WECC Charge Amendment] for 2008 called for a preliminary invoice in August 2007. We believe that this approach – which we accepted without modification in the June 25 Order – continues to be appropriate for 2008 and will work for 2009 and beyond."<sup>15</sup> However, the Commission stated

<sup>13</sup> See Transmittal Letter for August 24 Compliance Filing at 7-8. As the CAISO explained in the August 24 Compliance Filing, the WECC is required to issue its final invoice to the CAISO by November 15 of each year, and, in order to ensure that the CAISO can transfer payments received from SCs to the WECC and the WECC can forward the payments to NERC by January 2, the CAISO had to shorten the timelines for the issuance of invoices by the CAISO to SCs and for the collection of payments from SCs to 15 Business Days each. *Id.*

<sup>14</sup> October 22 Order at PP 24-27.

<sup>15</sup> *Id.* at P 26.

that “[i]f CAISO has not already issued preliminary invoices in August [2007] based on the process approved in the June 25 Order, it is too late to proceed with preliminary invoices,” in which case “CAISO should issue final invoices using the process approved in this order.”<sup>16</sup> The Commission directed that preliminary invoices “should be based on the portions of the proposed, total budgets of NERC, WECC, and WIRAB that are allocable to the CAISO based on net energy for load.”<sup>17</sup>

In the October 22 Order, the Commission also granted the AReM Clarification/Rehearing Request, subject to certain clarifications. The Commission stated that there is no absolute right to receive a load adjustment but that it would “allow LSEs to obtain an update to their load data when (1) the change in load is attributable to the transfer of load to another LSE after the data year, (2) the transfer is significant and easily identifiable, and (3) the update would not impair efficient administration of or finality in the billing process”<sup>18</sup> As to the last of these three conditions, the Commission stated that “if a change in load or the associated request for an adjustment arises too late in the billing process, the LSE will not be entitled to an adjustment,” and that “to the extent that AReM seeks a retroactive adjustment to NERC/WECC Charges that have already been allocated through a final bill, AReM’s request for clarification or rehearing is denied.”<sup>19</sup> The Commission also provided further details concerning its directive in the June 25 Order that the WECC has sole responsibility for making any adjustments to LSEs’ NERC/WECC Metered Demand:

With respect to the process for seeking future adjustments to NERC/WECC Metered Demand, the *Business Plan and Budget Order* placed the responsibility for making those adjustments on the WECC. The WECC has not delegated the responsibility to the CAISO. Thus, the process for seeking adjustments is outside the scope of the present proceeding. Pending WECC’s development of rules governing the adjustment process, we expect WECC to give appropriate consideration to requests to adjust an LSE’s NERC/WECC Metered Demand, consistent with the foregoing guidelines, and to inform the CAISO of adjustments on a timely basis.<sup>20</sup>

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<sup>16</sup> *Id.* at P 26 n.15.

<sup>17</sup> *Id.* at P 26.

<sup>18</sup> *Id.* at P 22.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at P 23 (citing *Business Plan and Budget Order* at P 151).

On October 26, 2007, the CAISO sent final invoices to SCs for the 2007 NERC/WECC Charge Assessment Year. Consistent with the provisions of the August 24 Compliance Filing as approved by the October 22 Order, the CAISO sent final invoices to SCs for the 2008 NERC/WECC Charge Assessment Year on December 3, 2007, with SC payments due on December 24, 2007.<sup>21</sup>

On November 21, 2007, the City of Santa Clara, California, doing business as Silicon Valley Power ("SVP") filed a request for clarification ("SVP Clarification Request") of the October 22 Order. SVP asserted that, although the October 22 Order states that the preliminary invoice concept is to be reinstated for August of each year, it is not clear if the Commission directed the CAISO to provide SCs with 30 Calendar Days for payment of preliminary invoices as was proposed in the NERC/WECC Charge Amendment. SVP requested the Commission to clarify that SCs have 30 Calendar Days for payment of preliminary invoices and to direct the CAISO to revise the CAISO Tariff to reflect that clarification. No other party filed a request for clarification or rehearing of the October 22 Order. Commission action on the SVP Clarification Request is pending.

## **II. CAISO Tariff Revisions**

### **A. Revisions to the CAISO Tariff Regarding Preliminary Invoicing**

In the October 22 Order, the Commission directed the CAISO to reinstate a preliminary invoicing process for years after 2007 but stated that, if the CAISO has not already issued preliminary invoices in August 2007, it is too late to proceed with preliminary invoices and the CAISO should instead issue final invoices using the process approved in the October 22 Order.<sup>22</sup> The CAISO did not issue preliminary invoices for the 2008 NERC/WECC Charge Assessment Year in August 2007, because, in response to the directives in the June 25 Order, the CAISO proposed the methodology of issuing single, final invoices as described in the CAISO Clarification/Rehearing Request and the August 24 Compliance Filing, and the Commission ruled on those CAISO filings in the October 22 Order, which was issued a couple of months after August ended. Therefore, pursuant to the Commission's directives in the October 22 Order, the CAISO will issue only final invoices for the 2008 NERC/WECC Charge Assessment Year. The CAISO proposes non-substantive revisions to Section 11.2.19.3 of the CAISO Tariff, which formerly described the process for invoicing NERC/WECC Charges assessed for 2008 and years thereafter, in order to specify the process that will apply for the 2008 NERC/WECC Charge Assessment Year.

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<sup>21</sup> See *supra* note 13.

<sup>22</sup> October 22 Order at P 26 & n.15.

As to each NERC/WECC Charge Assessment Year after 2008, the CAISO proposes to add new Section 11.2.19.4 to the CAISO Tariff to specify the process (including preliminary invoicing) that will apply to the invoicing of NERC/WECC Charges in each such year,<sup>23</sup> and proposes to reinstate the use of the defined terms Preliminary NERC/WECC Charge Invoice and Preliminary NERC/WECC Charge Rate in Appendix A to the CAISO Tariff.<sup>24</sup> Many of the provisions in new Section 11.2.19.4 and the defined terms are similar to Commission-approved provisions in the NERC/WECC Charge Amendment and the August 24 Compliance Filing concerning the process for invoicing NERC/WECC Charges assessed for years after 2007.<sup>25</sup> In accordance with the October 22 Order, one of the components of the Preliminary NERC/WECC Charge Rate (which the CAISO uses to allocate NERC/WECC Charges pursuant to Preliminary NERC/WECC Charge Invoices) will be the portions of the proposed budgets of NERC, the WECC, and regional advisory bodies that serve the WECC (at present, WIRAB) that the WECC notifies the CAISO in writing are allocable to the CAISO for the NERC/WECC Charge Assessment Year.<sup>26</sup> This approach takes the "guesswork" out of having to determine what portions of the NERC, WECC and WIRAB budgets are allocable to the CAISO. Alternatively, in the event the WECC does not provide written notification to the CAISO as to what those allocable amounts are in accordance with the Billing Services Agreement,<sup>27</sup> this component of the Preliminary NERC/WECC Charge Rate will be the portions of the budgets of NERC, WECC, and regional advisory bodies that serve the WECC that the WECC informed the CAISO were allocable to the CAISO for the immediately preceding NERC/WECC Charge Assessment Year.

With regard to the proposal contained in the SVP Clarification Request, the CAISO proposes revisions to Section 11.2.19.5 of the CAISO Tariff to require SCs to make timely payments to the CAISO pursuant to Preliminary

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<sup>23</sup> Due to the addition of new Section 11.2.19.4, the CAISO has renumbered the subsequent CAISO Tariff sections in the instant filing.

<sup>24</sup> These defined terms were included in the NERC/WECC Charge Amendment but were deleted from the August 24 Compliance Filing, in which the CAISO proposed to delete the preliminary invoicing process from Section 11.2.19 of the CAISO Tariff.

<sup>25</sup> See NERC/WECC Charge Amendment at Attachment B (Section 11.2.19.3 of the CAISO Tariff); August 24 Compliance Filing at Attachment B (Section 11.2.19.3 of the CAISO Tariff).

<sup>26</sup> See October 22 Order at P 26.

<sup>27</sup> As shown in Attachments C and D to the instant filing, the CAISO and the WECC have modified the Billing Services Agreement in relevant part by adding new Section 2(a), which states that, by July 31 of each calendar year (or as soon as possible thereafter), the WECC will notify the CAISO in writing of the portions of the proposed budgets of NERC, WECC, and regional advisory bodies that serve the WECC that are allocable to the CAISO control area for the upcoming calendar year (*i.e.*, the upcoming NERC/WECC Charge Assessment Year).

NERC/WECC Charge Invoices within 30 Calendar Days of issuance of such invoices. The CAISO agrees with SVP that it is reasonable that SCs have 30 Calendar Days to pay Preliminary NERC/WECC Charge Invoices as originally proposed in the NERC/WECC Charge Amendment, rather than having 15 Business Days to pay as required by the August 24 Compliance Filing with regard to Final NERC/WECC Charge Invoices. Because Preliminary NERC/WECC Charge Invoices will be issued in August of each year, they should not be subject to the time constraints that compel the CAISO to require payment of Final NERC/WECC Charge Invoices on a shorter (*i.e.*, 15 Business Day) timeline. Therefore, the CAISO proposes to revise the CAISO Tariff as SVP proposes, prior to the issuance of a Commission order regarding the SVP Clarification Request.

The CAISO proposes to (1) reinstate the use of the word "Final" before the defined terms NERC/WECC Charge Invoice and NERC/WECC Charge Rate, in order to distinguish them from the corresponding defined terms concerning preliminary invoicing, and (2) make additions throughout Section 11.2.19 of the CAISO Tariff to recognize the distinction between Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices. Further, the CAISO proposes to include a definition of the Billing Services Agreement in Appendix A to the CAISO Tariff.

**B. Revisions to the CAISO Tariff and the Billing Services Agreement Regarding the WECC's Review of Proposals by Scheduling Coordinators and LSEs to Receive Adjustments to NERC/WECC Metered Demand**

As explained in the October 22 Order, LSEs may obtain from the WECC adjustments to their load data if (1) the change in load is attributable to the transfer of load to another LSE after the data year, (2) the transfer is significant and easily identifiable, and (3) the update would not impair efficient administration of or finality in the billing process.<sup>28</sup> If, however, a change in load or the associated request for an adjustment arises too late in the billing process (*e.g.*, with regard to NERC/WECC Charges that have already been allocated through a final invoice), the LSE will not be entitled to an adjustment.<sup>29</sup> Further, the WECC is required to inform the CAISO of adjustments on a timely basis.<sup>30</sup>

In consideration of these Commission determinations, the CAISO proposes to include provisions in new Section 11.2.19.4 of the CAISO Tariff and

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<sup>28</sup> October 22 Order at P 22.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at P 23.



in the new definitions of Preliminary NERC/WECC Charge Invoice and Preliminary NERC/WECC Charge Rate stating that the CAISO will reflect, in the Preliminary NERC/WECC Charge Rate, Preliminary NERC/WECC Charge Invoices, the Final NERC/WECC Charge Rate, and Final NERC/WECC Charge Invoices, any load adjustments that the WECC approves and provides to the CAISO in a written statement in accordance with the Billing Services Agreement.

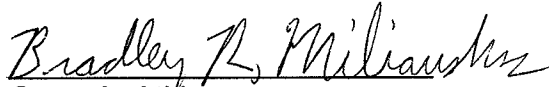
The CAISO recognizes that the WECC has sole responsibility for making adjustments to load. Also, the CAISO and the WECC recognize that communication between themselves regarding requests for adjustments will facilitate the WECC's evaluation of such requests, and that the WECC should specify to the CAISO in a timely manner any adjustments to NERC/WECC Metered Demand that need to be made for particular SCs. Therefore, the CAISO and the WECC have added new Section 2(c) to the Billing Services Agreement to state that the WECC will promptly inform the CAISO in writing of any requests that Scheduling Coordinators or LSEs make to WECC for adjustments to NERC/WECC Metered Demand, and that the WECC will promptly inform the CAISO in writing of any adjustments that the WECC approves in accordance with the October 22 Order. Further, Section 2(d) (formerly Section 2(b)) of the Billing Services Agreement has been revised to state that the CAISO will reflect the WECC-approved adjustments described in Section 2(c) in the allocation and invoicing of NERC/WECC Charges as time permits, except that the CAISO will not reflect, with regard to the allocation and invoicing of NERC/WECC Charges for the upcoming calendar year (*i.e.*, the upcoming NERC/WECC Charge Assessment Year), WECC-approved adjustments that are provided to the CAISO after July 1 of the year preceding the upcoming calendar year. This July 1 deadline is required by the WECC in order to ensure that such load adjustments can be taken into consideration in the budget for NERC, WECC, and regional advisory bodies for the upcoming calendar year. Thus, the deadline will ensure that, consistent with the October 22 Order, any load adjustments will not impair the efficient administration of or finality in the billing process.

**III. Materials Provided in the Instant Compliance Filing**

In addition to this transmittal letter, the instant compliance filing includes Attachments A through D. Attachment A contains clean CAISO Tariff sheets reflecting the modifications to the CAISO Tariff described in Section II, above. Attachment B shows these modifications in red-line format. Attachment C contains the Billing Services Agreement, which has been revised as described in Section II, above, and these revisions are shown in red-line format in Attachment D.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

# Attachment A

**Attachment A – Clean Sheets**

**WECC/NERC Compliance Filing – Docket ER07-805**

**December 14, 2007**

NERC/WECC Charges it is invoiced by the ISO in accordance with this Section 11.2.19.

Each Scheduling Coordinator's responsibility for NERC/WECC Charges is based on the Scheduling Coordinator's NERC/WECC Metered Demand.

- (b) The ISO's calculation of collateral requirements and other credit requirements under the ISO Tariff will not include any adjustment for a Scheduling Coordinator's NERC/WECC Charges.

**11.2.19.2 Process for Invoicing NERC/WECC Charges Assessed for 2007.**

With regard to the NERC/WECC Charges assessed by the WECC for 2007, the following process shall apply:

- (a) The ISO will issue a market notice that will include the following: (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC and (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005.
- (b) The ISO will issue a market notice setting forth the Final NERC/WECC Charge Rate for the 2007 WECC assessment. The Final NERC/WECC Charge Rate for the 2007 WECC assessment shall be based on (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005, including any adjustments to the calculation of NERC/WECC Metered Demand for 2005 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.2(a).

- (c) Within thirty (30) Calendar Days after the ISO issues the market notice in Section 11.2.19 (b), the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for 2007 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2005 multiplied by (ii) the Final NERC/WECC Charge Rate for the 2007 WECC assessment. The ISO shall deduct from the Final NERC/WECC Charge Invoices for the 2007 WECC assessment any amounts that Scheduling Coordinators have already paid directly to the WECC for NERC/WECC Charges for 2007 as reported to the ISO by the WECC.

**11.2.19.3 Process for Invoicing NERC/WECC Charges Assessed for 2008.**

With regard to the NERC/WECC Charges to be assessed by the WECC for 2008, the following process shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2006. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand 2006. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for 2006.
- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2006, including any adjustments to the calculation of NERC/WECC Metered Demand for 2006 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.3(a). This report shall facilitate the WECC calculation of actual NERC/WECC Charges to be invoiced to the ISO 2008.

- (c) Within five (5) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges 2008, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for the 2008. The Final NERC/WECC Charge Rate for the 2008 shall be based on (i) the total NERC/WECC Charges for 2008 that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2006, as reported to the WECC.
  
- (d) Within fifteen (15) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for 2008, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for 2008 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2006, multiplied by (ii) the Final NERC/WECC Charge Rate for 2008.



**11.2.19.4 Process for Invoicing NERC/WECC Charges Assessed for Years After 2008.**

With regard to the NERC/WECC Charges to be assessed by the WECC for each NERC/WECC Charge Assessment Year after 2008, the following processes shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year.
- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year, including any adjustments to the calculation of NERC/WECC Metered Demand for that year made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.4(a). The report will also include any adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the ISO has time to reflect in the report and that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement. This report shall facilitate the WECC's calculation of actual NERC/WECC Charges to be invoiced to the ISO for the NERC/WECC Charge Assessment Year.

- (c) The ISO will issue a market notice setting forth the Preliminary NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.
- (d) By August 31 of the year preceding the NERC/WECC Charge Assessment Year, the ISO will issue Preliminary NERC/WECC Charge Invoices for the NERC/WECC Charge Assessment Year.
- (e) Within five (5) Business Days after receipt of the WECC's invoice to the ISO setting forth the assessment of NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. The Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for the NERC/WECC Charge Assessment Year that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand including any adjustments to the calculation of NERC/WECC Metered Demand as reported to the WECC pursuant to Section 11.2.19.4(b), and including any additional adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement.

- (f) Within fifteen (15) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand as adjusted pursuant to Sections 11.2.19.4(b) and 11.2.19.4(e) and pursuant to any additional adjustments that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement, multiplied by (ii) the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. If and to the extent that a Scheduling Coordinator has not already paid all of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that it is required to pay, the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator is still required to pay. If and to the extent that a Scheduling Coordinator has already paid in excess of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that the Scheduling Coordinator is required to pay, the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator will be credited.

**11.2.19.5 Timely Payments.**

Scheduling Coordinators shall make timely payments to the ISO pursuant to Preliminary NERC/WECC Charge Invoices within thirty (30) Calendar Days of issuance of such invoices. Scheduling Coordinators shall make timely payments to the ISO pursuant to Final NERC/WECC Charge Invoices within fifteen (15) Business Days of issuance of such invoices.

**11.2.19.6 NERC/WECC Charge Trust Account.**

The ISO shall deposit all payments received pursuant to Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices in the NERC/WECC Charge Trust Account. The NERC/WECC Charge Trust Account shall be separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time. The ISO shall disburse funds from the NERC/WECC Charge Trust Account in order to pay the WECC any and all NERC/WECC Charges invoiced to the ISO.

**11.2.19.7 Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices.**

The ISO shall invoice NERC/WECC Charges to Scheduling Coordinators by issuing Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices. The Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices shall be issued in accordance with the schedules set forth in this Section 11.2.19, provided that the ISO may issue a market notice informing Scheduling Coordinators that the ISO will implement a temporary modification to that schedule and setting forth the reasons for such modification, in which case the modified schedule described in that market notice shall govern.

**11.2.19.7.1 Confirmation.**

It is the responsibility of each Scheduling Coordinator to notify the ISO if the Scheduling Coordinator fails to receive a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice in accordance with the applicable schedule. Each Scheduling Coordinator shall be deemed to have received its Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice on the date specified in the applicable schedule, unless the Scheduling Coordinator notifies the ISO to the contrary.

**11.2.19.7.2 Validation.**

Each Scheduling Coordinator shall have the opportunity to review the terms of the Preliminary NERC/WECC Charges Invoices and the Final NERC/WECC Charge Invoices that it receives. The Scheduling Coordinator shall be deemed to have validated each Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice unless it has raised a dispute within ten (10) Calendar Days from the date of issuance. Once validated, a Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice shall be binding on the Scheduling Coordinator to which it relates.

**11.2.19.7.3 Disputes and Dispute-Related Corrections.**

Scheduling Coordinators shall be prohibited from disputing any Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice, except on grounds that an error in a Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice is due to a mere typographical or other ministerial error by the ISO. A Scheduling Coordinator that wishes to dispute a NERC/WECC Charge Invoice on such grounds shall give the ISO notice of dispute in writing within ten (10) Calendar Days of issuance. The notice of dispute shall state clearly the issue date of the Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice, the item or calculation disputed, and the reasons for the dispute, and shall be accompanied by all available evidence reasonably required to support the claim. If the Scheduling Coordinator is correct that the Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice contains a typographical or other ministerial error and the resolution of the dispute makes correction necessary, the ISO shall issue a corrected Preliminary NERC/WECC Charge Invoice or a corrected Final NERC/WECC Charge Invoice within fifteen (15) Calendar Days of issuance of the invoice that is being corrected.

Each Scheduling Coordinator that receives a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice shall pay any net debit and shall be entitled to receive any net credit in a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice on the Payment Date, regardless of whether there is any dispute regarding the amount of the debit or credit. The ISO will issue corrected Preliminary NERC/WECC Charge Invoices or corrected Final NERC/WECC Charge Invoices if the resolution of a dispute concerning a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice, brought pursuant to this Section 11.2.19, makes such a correction necessary.

**11.2.19.8 Provision of Payments and Information to the WECC.**

- (a) With regard to NERC/WECC Charges assessed for 2007, the ISO will forward to the WECC, within five (5) Business Days after the deadline for timely payments of Final NERC/WECC Charge Invoices pursuant to Section 11.2.19.2 has expired, (i) the amounts collected pursuant to Final NERC/WECC Charge Invoices for 2007 and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their Final NERC/WECC Charge Invoices and the amounts that are unpaid.
- (b) With regard to NERC/WECC Charges assessed for years after 2007, the ISO will forward to the WECC, at least three (3) Business Days prior to January 2 of each NERC/WECC Charge Assessment Year, (i) the amounts collected pursuant to Final NERC/WECC Charge Invoices for the NERC/WECC Charge Assessment Year and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- (c) Under no circumstances shall the ISO be obligated to pay to the WECC, NERC or any regional advisory body, or to their successors or assignees, any NERC/WECC Charges or any interest charges related to NERC/WECC Charges except for those NERC/WECC Charges actually paid to the ISO by Scheduling Coordinators. The ISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to the WECC or NERC as provided for in the ISO Tariff. Notwithstanding the foregoing, the ISO shall have the right, at its sole discretion, to recoup, set off and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC Charges in accordance with Section 11.12.4.

- (d) The ISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the relevant Preliminary NERC/WECC Charge Invoices, Final NERC/WECC Charge Invoices, and other documentation on which the ISO's certificate was based to the WECC, NERC, and the applicable Scheduling Coordinators. An ISO certificate given under this Section 11.2.19.8(d) may be used as prima facie evidence of the amount due in any legal proceedings.

**11.3 Billing and Payment Process.**

The ISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for each Settlement Period of that Trading Day and shall arrive at a net amount payable for each



**Final Schedule**

A Schedule developed by the ISO following receipt of a Revised Schedule from a Scheduling Coordinator.

**Final NERC/WECC  
Charge Invoice**

A final invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator based on the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.

**Final NERC/WECC Charge  
Rate**

The rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the WECC invoice to the ISO for NERC/WECC Charges for a given year and on the NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year.

<b><u>ISO Website</u></b>	The ISO internet home page at <a href="http://www.caiso.com">http://www.caiso.com</a> or such other internet address as the ISO shall publish from time to time.
<b><u>ISO-WECC Billing Services Agreement</u></b>	The agreement between the ISO and the WECC entered into by those parties in August 2007, as it may be amended from time to time, regarding the ISO's performance of certain billing services to facilitate the WECC's collection of NERC/WECC Charges.
<b><u>ISP (Internet Service Provider)</u></b>	An independent network service organization engaged by the ISO to establish, implement and operate WEnet.
<b><u>Joint Powers Agreement</u></b>	An agreement governing a Joint Powers Authority that is subject to the California Joint Exercise of Powers Act (California Government Code, Section 6500, <i>et seq.</i> ).
<b><u>Joint Powers Authority</u></b>	An authority authorized by law through which two or more public entities jointly exercise their powers.
<b><u>Large Generating Facility</u></b>	A Generating Facility having a Generating Facility Capacity of more than 20 MW.
<b><u>LARN Report for 2006</u></b>	The report, published by the ISO, which identifies each Local Reliability Area for 2006 and the contingencies that require the ISO to specify a geographically contiguous area as a Local Reliability Area, and the amount of generation (in MW) needed for each Local Reliability Area in order to satisfy Applicable Reliability Criteria, taking into account Non-Generation Solutions.
<b><u>Line Loss Correction Factor</u></b>	The line loss correction factor as set forth in the Technical Specifications.
<b><u>Load</u></b>	An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

**Load-Serving Entity (LSE)** Any entity (or the duly designated agent of such an entity, including, e.g. a Scheduling Coordinator), including a load aggregator or power marketer; (i) serving End Users within the ISO Control Area and (ii) that has been granted authority or has an obligation pursuant to California State or local law, regulation, or franchise to sell electric energy to End Users located within the ISO Control Area or (iii) is a Federal Power Marketing Authority that serves retail Load.

**Load Share Quantity** The product of Total Import Capability and Import Capability Load Share.

**Load Shedding** The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.

the Internal Revenue Code of 1986 or the corresponding provisions of prior law without regard to the identity of the holder thereof. Municipal Tax Exempt Debt does not include Local Furnishing Bonds.

**Must-Offer Capacity Payment**

The payment made in accordance with Section 40.14 of this ISO Tariff.

**Nationally Recognized Statistical Rating Organizations (NRSRO)**

National credit rating agencies as designated by the U.S. Securities & Exchange Commission.

**Native Load**

Load required to be served by a utility within its Service Area pursuant to applicable law, franchise, or statute.

**NERC**

The North American Electric Reliability Corporation or its successor.

**NERC/WECC Charge Assessment Year**

A given year for which NERC/WECC Charges will be assessed by the WECC based on data from the calendar year two years prior to the year of the NERC/WECC Charge assessment.

**NERC/WECC Charges**

The charges approved by FERC, pursuant to Section 215 of the FPA and FERC issuances related thereto, that provide funding for the statutory-related functions performed by NERC, the WECC, and regional advisory bodies that serve the WECC, or their successors or assignees.

**NERC/WECC Charge Trust Account**

An account to be established by the ISO for the purpose of maintaining funds collected from Scheduling Coordinators and disbursing such funds to the WECC.

**Preferred Schedule**

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

**Preliminary  
NERC/WECC Charge  
Invoice**

An initial invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator for a NERC/WECC Charge Assessment Year based on (i) the Scheduling Coordinator's NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year as described in Section 11.2.19.4, multiplied by (ii) the Preliminary NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.

**Preliminary Settlement  
Statement**

The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.

**Pre-RA Import  
Commitment**

Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the ISO Control Area for the procurement of Energy or capacity from a resource or resources located outside the ISO Control Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity.

**Preliminary NERC/WECC  
Charge Rate**

The preliminary rate to be paid by Scheduling Coordinators for NERC/WECC Charges for a NERC/WECC Charge Assessment Year based on (i) the portions of the proposed budgets of NERC, WECC, and regional advisory bodies that serve the WECC that the WECC notifies the ISO in writing are allocable to the ISO for the NERC/WECC Charge Assessment Year or, alternatively, if the WECC does not provide such written notification to the ISO in accordance with the ISO-WECC Billing Services Agreement, the portions of the budgets of NERC, WECC, and regional advisory bodies that serve that WECC that the WECC informed the ISO were allocable to the ISO for the immediately preceding NERC/WECC Charge Assessment Year divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year as described in Section 11.2.19.4, including any adjustments to the calculation of NERC/WECC Metered Demand, as reported to the WECC pursuant to Section 11.2.19.4(b), and including any additional adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement.

**Pre-RA Import  
Commitment Capability**

The quantity in MW assigned to a particular branch group into the ISO Control Area based on a Pre-RA Import Commitment.

**Price Overlap**

The price range of bids for Supplemental Energy or Energy associated with Ancillary Services bids for any Dispatch Interval that includes decremental and incremental Energy Bids where the price of the decremental Energy Bids exceeds the price of the incremental Energy Bids.

**Primary ISO Control  
Center**

The ISO Control Center located in Folsom, California.

# Attachment B

**Attachment B – Blacklines**

**WECC/NERC Compliance Filing – Docket No. ER07-805**

**December 14, 2007**



## 11.2.19 NERC/WECC Charges

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### 11.2.19.2 Process for Invoicing NERC/WECC Charges Assessed for 2007.

With regard to the NERC/WECC Charges assessed by the WECC for 2007, the following process shall apply:

- (a) The ISO will issue a market notice that will include the following: (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC and (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005.
- (b) The ISO will issue a market notice setting forth the Final NERC/WECC Charge Rate for the 2007 WECC assessment. The Final NERC/WECC Charge Rate for the 2007 WECC assessment shall be based on (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005, including any adjustments to the calculation of NERC/WECC Metered Demand for 2005 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.2(a).
- (c) Within thirty (30) Calendar Days after the ISO issues the market notice in Section 11.2.19 (b), the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for 2007 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2005 multiplied by (ii) the Final NERC/WECC Charge Rate for the 2007 WECC assessment. The CAISO shall deduct from the Final

NERC/WECC Charge Invoices for the 2007 WECC assessment any amounts that Scheduling Coordinators have already paid directly to the WECC for NERC/WECC Charges for 2007 as reported to the CAISO by the WECC.

**11.2.19.3 Process for Invoicing NERC/WECC Charges Assessed for ~~Years After 2008~~7.**

With regard to the NERC/WECC Charges to be assessed by the WECC for ~~each NERC/WECC Charge Assessment Year after 2008~~7, the following process shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for ~~2006 the calendar year two years prior to the NERC/WECC Charge Assessment Year~~. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for ~~2006 the calendar year two years prior to the NERC/WECC Charge Assessment Year~~. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for ~~2006 the calendar year two years prior to the NERC/WECC Charge Assessment Year~~.
- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for ~~2006 the calendar year two years prior to the NERC/WECC Charge Assessment Year~~, including any adjustments to the calculation of NERC/WECC Metered Demand for ~~2006 that year~~ made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.3(a). This report shall facilitate the WECC calculation of actual NERC/WECC Charges to be invoiced to the ISO for ~~2008 the NERC/WECC Charge Assessment Year~~.
- (c) Within five (5) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for ~~2008 the NERC/WECC Charge Assessment Year~~, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for ~~2008 the NERC/WECC Charge Assessment Year~~. The

~~Final NERC/WECC Charge Rate for 2008the NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for 2008the NERC/WECC Charge Assessment Year that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2006the calendar year two years prior to the NERC/WECC Charge Assessment Year, as reported to the WECC.~~

- (d) Within fifteen (15) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for ~~2008the NERC/WECC Charge Assessment Year~~, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for ~~2008the NERC/WECC Charge Assessment Year~~ to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for ~~2006the calendar year, two years prior to the NERC/WECC Charge Assessment Year~~, multiplied by (ii) the Final NERC/WECC Charge Rate for 2008the NERC/WECC Charge Assessment Year.

#### **11.2.19.4 Process for Invoicing NERC/WECC Charges Assessed for Years After 2008.**

With regard to the NERC/WECC Charges to be assessed by the WECC for each NERC/WECC Charge Assessment Year after 2008, the following processes shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year.

- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year, including any adjustments to the calculation of NERC/WECC Metered Demand for that year made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.4(a). The report will also include any adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the ISO has time to reflect in the report and that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement. This report shall facilitate the WECC's calculation of actual NERC/WECC Charges to be invoiced to the ISO for the NERC/WECC Charge Assessment Year.
- (c) The ISO will issue a market notice setting forth the Preliminary NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.
- (d) By August 31 of the year preceding the NERC/WECC Charge Assessment Year, the ISO will issue Preliminary NERC/WECC Charge Invoices for the NERC/WECC Charge Assessment Year.
- (e) Within five (5) Business Days after receipt of the WECC's invoice to the ISO setting forth the assessment of NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. The Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for the NERC/WECC Charge Assessment Year that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand including any adjustments to the calculation of NERC/WECC Metered Demand as reported to the WECC pursuant to Section 11.2.19.4(b), and including any additional adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the

WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement.

- (f) Within fifteen (15) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand as adjusted pursuant to Sections 11.2.19.4(b) and 11.2.19.4(e) and pursuant to any additional adjustments that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement, multiplied by (ii) the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. If and to the extent that a Scheduling Coordinator has not already paid all of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that it is required to pay, the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator is still required to pay. If and to the extent that a Scheduling Coordinator has already paid in excess of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that the Scheduling Coordinator is required to pay, the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator will be credited.

**11.2.19.54 Timely Payments.**

Scheduling Coordinators shall make timely payments to the ISO pursuant to Preliminary NERC/WECC Charge Invoices within thirty (30) Calendar Days of issuance of such invoices. Scheduling Coordinators shall make timely payments to the ISO pursuant to Final NERC/WECC Charge Invoices within fifteen (15) Business Days of issuance of such invoices.

**11.2.19.65 NERC/WECC Charge Trust Account.**

The ISO shall deposit all payments received pursuant to Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices in the NERC/WECC Charge Trust Account. The NERC/WECC

Charge Trust Account shall be separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time. The ISO shall disburse funds from the NERC/WECC Charge Trust Account in order to pay the WECC any and all NERC/WECC Charges invoiced to the ISO.

**11.2.19.76 Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices.**

The ISO shall invoice NERC/WECC Charges to Scheduling Coordinators by issuing Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices. The Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices shall be issued in accordance with the schedules set forth in this Section 11.2.19, provided that the ISO may issue a market notice informing Scheduling Coordinators that the ISO will implement a temporary modification to that schedule and setting forth the reasons for such modification, in which case the modified schedule described in that market notice shall govern.

**11.2.19.76.1 Confirmation.**

It is the responsibility of each Scheduling Coordinator to notify the ISO if the Scheduling Coordinator fails to receive a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice in accordance with the applicable schedule. Each Scheduling Coordinator shall be deemed to have received its Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice on the date specified in the applicable schedule, unless the Scheduling Coordinator notifies the ISO to the contrary.

**11.2.19.76.2 Validation.**

Each Scheduling Coordinator shall have the opportunity to review the terms of the Preliminary NERC/WECC Charges Invoices and the Final NERC/WECC Charge Invoices that it receives. The Scheduling Coordinator shall be deemed to have validated each Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice unless it has raised a dispute within ten (10) Calendar Days from the date of issuance. Once validated, a Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice shall be binding on the Scheduling Coordinator to which it relates.

**11.2.19.76.3 Disputes and Dispute-Related Corrections.**

Scheduling Coordinators shall be prohibited from disputing any Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice, except on grounds that an error in a Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice is due to a mere typographical or other ministerial error by the ISO. A Scheduling Coordinator that wishes to dispute a NERC/WECC Charge Invoice on such grounds shall give the ISO notice of dispute in writing within ten (10) Calendar Days of issuance.

The notice of dispute shall state clearly the issue date of the Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice, the item or calculation disputed, and the reasons for the dispute, and shall be accompanied by all available evidence reasonably required to support the claim. If the

Scheduling Coordinator is correct that the Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice contains a typographical or other ministerial error and the resolution of the dispute makes correction necessary, the ISO shall issue a corrected Preliminary NERC/WECC Charge Invoice or a corrected Final NERC/WECC Charge Invoice within fifteen (15) Calendar Days of issuance of the invoice that is being corrected.

Each Scheduling Coordinator that receives a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice shall pay any net debit and shall be entitled to receive any net credit in a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice on the Payment Date, regardless of whether there is any dispute regarding the amount of the debit or credit. The ISO will issue corrected Preliminary NERC/WECC Charge Invoices or corrected Final NERC/WECC Charge Invoices if the resolution of a dispute concerning a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice, brought pursuant to this Section 11.2.19, makes such a correction necessary.

**11.2.19.87 Provision of Payments and Information to the WECC.**

- (a) With regard to NERC/WECC Charges assessed for 2007, the ISO will forward to the WECC, within five (5) Business Days after the deadline for timely payments of Final NERC/WECC Charge Invoices pursuant to Section 11.2.19.2 has expired, (i) the amounts collected pursuant to Final NERC/WECC Charge Invoices for 2007 and (ii) a list

of all Scheduling Coordinators that have failed to make full payment pursuant to their Final NERC/WECC Charge Invoices and the amounts that are unpaid.

- (b) With regard to NERC/WECC Charges assessed for years after 2007, the ISO will forward to the WECC, at least three (3) Business Days prior to January 2 of each NERC/WECC Charge Assessment Year, (i) the amounts collected pursuant to Final NERC/WECC Charge Invoices for the NERC/WECC Charge Assessment Year and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- (c) Under no circumstances shall the ISO be obligated to pay to the WECC, NERC or any regional advisory body, or to their successors or assignees, any NERC/WECC Charges or any interest charges related to NERC/WECC Charges except for those NERC/WECC Charges actually paid to the ISO by Scheduling Coordinators. The ISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to the WECC or NERC as provided for in the ISO Tariff. Notwithstanding the foregoing, the ISO shall have the right, at its sole discretion, to recoup, set off and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC Charges in accordance with Section 11.12.4.
- (d) The ISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the relevant Preliminary NERC/WECC Charge Invoices, Final NERC/WECC Charge Invoices, and other documentation on which the ISO's certificate was based to the WECC, NERC, and the applicable Scheduling Coordinators. An ISO certificate given under this Section 11.2.19.87(d) may be used as prima facie evidence of the amount due in any legal proceedings.

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**ISO TARIFF APPENDIX A**  
**Master Definitions Supplement**

\* \* \*

**Final NERC/WECC  
Charge Invoice**

A final invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator based on the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.

\* \* \*

**Final NERC/WECC Charge  
Rate**

The rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the WECC invoice to the ISO for NERC/WECC Charges for a given year and on the NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year.

\* \* \*

**ISO-WECC Billing  
Services Agreement**

The agreement between the ISO and the WECC entered into by those parties in August 2007, as it may be amended from time to time, regarding the ISO's performance of certain billing services to facilitate the WECC's collection of NERC/WECC Charges.

\* \* \*

**NERC/WECC  
Charge Invoice**

An invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator based on the NERC/WECC Charge Rate.

\* \* \*

**NERC/WECC Charge Rate**

The rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the WECC invoice to the ISO for NERC/WECC Charges for a given year and on the NERC/WECC Metered Demand for the NERC/WECC Charge

Assessment Year.

\* \* \*

**Preliminary  
NERC/WECC Charge  
Invoice**

An initial invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator for a NERC/WECC Charge Assessment Year based on (i) the Scheduling Coordinator's NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year as described in Section 11.2.19.4, multiplied by (ii) the Preliminary NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.

\* \* \*

**Preliminary NERC/WECC  
Charge Rate**

The preliminary rate to be paid by Scheduling Coordinators for NERC/WECC Charges for a NERC/WECC Charge Assessment Year based on (i) the portions of the proposed budgets of NERC, WECC, and regional advisory bodies that serve the WECC that the WECC notifies the ISO in writing are allocable to the ISO for the NERC/WECC Charge Assessment Year or, alternatively, if the WECC does not provide such written notification to the ISO in accordance with the ISO-WECC Billing Services Agreement, the portions of the budgets of NERC, WECC, and regional advisory bodies that serve that WECC that the WECC informed the ISO were allocable to the ISO for the immediately preceding NERC/WECC Charge Assessment Year divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year as described in Section 11.2.19.4, including any adjustments to the calculation of NERC/WECC Metered Demand, as reported to the WECC pursuant to Section 11.2.19.4(b), and including any additional adjustments to the calculation of NERC/WECC Metered Demand, based on decisions by the WECC to permit such adjustments, that the WECC provides to the ISO in a written statement in accordance with the ISO-WECC Billing Services Agreement.

\* \* \*

# Attachment C

**Attachment C – Revised Billing Services Agreement Between the CAISO and the WECC**

**WECC/NERC Compliance Filing – Docket No. ER07-805**

**December 14, 2007**

**BILLING SERVICES AGREEMENT BY AND BETWEEN  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
AND THE WESTERN ELECTRICITY COORDINATING COUNCIL**

This Billing Services Agreement (“Agreement”) is entered into as of the \_\_\_ day of August, 2007, by and between the California Independent System Operator Corporation (the “CAISO”) and the Western Electricity Coordinating Council (“WECC”). The CAISO or WECC may each be referred to as a “Party” or together referred to as the “Parties”.

WHEREAS, the North American Electric Reliability Corporation (“NERC”) has been certified by the Federal Energy Regulatory Commission (“FERC”) as the Electric Reliability Organization for the United States under Section 215 of the Federal Power Act, with responsibility for improving the reliability of the interconnected electric bulk power system;

WHEREAS, FERC has accepted a Delegation Agreement filed by NERC designating WECC as the Regional Entity for the Western Interconnection, and thus WECC is a Regional Entity pursuant to the requirements established by FERC, with responsibility for ensuring the reliable operation of the electric power systems within its territory;

WHEREAS, the CAISO is an independent system operator with responsibility for operating the electric power grid within a specified geographic region, the CAISO Control Area, pursuant to the terms of the CAISO Tariff, as it may be amended from time to time;

WHEREAS, WECC has been authorized by FERC under the October 24, 2006 Funding Order<sup>1</sup> to collect from Load-Serving Entities (“LSEs”) within the Western Interconnection the FERC-approved WECC costs and an allocable portion of NERC costs on behalf of NERC relating to functions performed by NERC, WECC, and regional

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<sup>1</sup> *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091 (2006).

advisory bodies within the western interconnection pursuant to Section 215 of the Federal Power Act (“NERC/WECC Charges”);

WHEREAS, WECC desires to contract with the CAISO to provide certain billing services to facilitate WECC’s collection of the NERC/WECC Charges from LSEs within the CAISO Control Area;

WHEREAS, pursuant to the CAISO Tariff, the CAISO is willing to provide certain billing services described herein to facilitate WECC’s collection of NERC/WECC Charges from Scheduling Coordinators on behalf of LSEs within the CAISO Control Area, subject to the terms and conditions set forth herein;

WHEREAS, Scheduling Coordinators (each of which is an LSE and/or represents an LSE or LSEs) are the parties to whom the CAISO invoices NERC/WECC Charges pursuant to the CAISO Tariff and are the parties responsible for paying NERC/WECC Charges to the CAISO;

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. WECC Authorization. WECC represents and warrants that it has obtained all necessary regulatory approvals and legal authority needed for it to enter into and perform this Agreement.
2. Processing NERC/WECC Charges. The Parties agree that NERC/WECC Charges for Scheduling Coordinators in the CAISO Control Area will be processed as follows:
  - a. By July 31 of each calendar year (or, to the extent the necessary information from NERC or any regional advisory body is not received by WECC in time to permit WECC to provide the information by July 31, as soon as possible thereafter), WECC shall notify the CAISO in writing of

the portions of the proposed budgets of NERC, WECC, and regional advisory bodies that serve the WECC that are allocable to the CAISO Control Area for the upcoming calendar year.

- b. Upon the earlier of (1) forty-five (45) days prior to the beginning of each calendar year or (2) ten (10) days after FERC approves the budgets of NERC and WECC for the applicable year, WECC will send a written notification to the CAISO that shows the aggregate NERC/WECC Charges for the CAISO Control Area for the upcoming calendar year.
- c. WECC will promptly inform the CAISO in writing of any requests that Scheduling Coordinators or LSEs make to WECC for adjustments to NERC/WECC Metered Demand, and WECC will promptly inform the CAISO in writing of any such requests for adjustments that WECC approves in accordance with the FERC order concerning the invoicing of NERC/WECC Charges issued on October 22, 2007.<sup>2</sup> Every written statement that WECC provides to the CAISO regarding adjustments that WECC has approved shall specifically state which such adjustments for which particular Scheduling Coordinators need to be made for the upcoming calendar year.
- d. The CAISO will allocate NERC/WECC Charges among Scheduling Coordinators and issue invoices for NERC/WECC Charges to such Scheduling Coordinators in accordance with the provisions concerning the allocation of NERC/WECC Charges contained in the CAISO Tariff. The CAISO will reflect the WECC-approved adjustments described in Section 2(c) in the allocation and invoicing of NERC/WECC Charges as time permits, except that the CAISO will not reflect, with regard to the allocation and invoicing of NERC/WECC Charges for the upcoming calendar year, WECC-approved adjustments that are provided to the CAISO after July 1 of the year preceding the upcoming calendar year.
- e. At least one (1) day prior to the beginning of each calendar year, the CAISO will forward to WECC, through Fedwire or other electronic

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<sup>2</sup> *California Independent System Operator Corp.*, 121 FERC ¶ 61,074 (2007).

means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.

- f. Notwithstanding Sections 2(b) and 2(e), WECC will send final written notification to the CAISO regarding NERC/WECC Charges for calendar year 2007 by September 20, 2007. The final written notification that WECC sends to the CAISO pursuant to this Section 2(f) shall indicate any amounts that WECC has directly billed, and which LSEs/Scheduling Coordinators have paid directly to WECC, for 2007 NERC/WECC Charges. The CAISO will allocate 2007 NERC/WECC Charges to Scheduling Coordinators and issue NERC/WECC Charge Invoices to such Scheduling Coordinators in accordance with the FERC-approved provisions of the CAISO tariff, and the CAISO shall deduct from the NERC/WECC Charge Invoices any amounts that LSEs/Scheduling Coordinators have already paid directly to WECC for 2007 NERC/WECC Charges. By November 29, 2007, the CAISO will forward to WECC, through Fedwire or other electronic means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and the amounts that are unpaid. The CAISO will use reasonable efforts to forward to WECC significant payments that it receives prior to November 29, 2007.
- g. The CAISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the invoices and other documentation on which the CAISO's certificate was based to WECC, NERC, and the applicable Scheduling Coordinator. A CAISO certificate given under this Section 2(g) may be used as prima facie evidence of the amount due in any legal proceedings.



g. The CAISO will not use its billing under this Agreement to unduly influence NERC's operations as the Electric Reliability Organization or WECC's operations as a Regional Entity.

3. Notices. All notices and payments between the Parties under this Agreement shall be in writing and shall be effective when delivered either by (i) U.S. Mail, with a confirming email, or (ii) through electronic means directed to the following individuals:

a. Notices and payments to WECC shall be directed to:

Mark Maher  
Western Electricity Coordinating Council  
615 Arapeen Dr., Suite 210  
Salt Lake City, UT 84108-1262  
Tel: (801) 582-0353  
Email: mmaher@wecc.biz

b. Notices and payments to the CAISO shall be directed to:

Michael Epstein  
The California Independent System Operation Corporation  
151 Blue Ravine Rd.  
Folsom, CA 95630  
Tel: (916) 351-2314  
Email: mepstein@caiso.com

A Party may inform the other Party that a change will occur regarding the contact information of an individual to whom notices and payments are to be directed without the need to amend this Agreement by providing a notice to the other Party in writing that describes the change. No such change shall be deemed to have been given until notice of the change has been received by the Party to which the notice was provided.

4. WECC Indemnification of the CAISO. To the greatest extent permitted by law, WECC shall indemnify and hold harmless the CAISO and its officers, employees,

directors, agents, and consultants from and against any and all suits, demands, claims, losses, liabilities, and expenses, including reasonable attorneys' fees, arising out of WECC's failure to perform its obligations under this Agreement.

5. Limitation of WECC Liability. WECC shall have no obligations whatsoever to compensate the CAISO for any costs incurred or services performed by the CAISO, pursuant to this Agreement or the CAISO Tariff, in order to facilitate WECC's collection of NERC/WECC Charges.
  
6. Limitation of CAISO Liability. The obligation of each LSE or Scheduling Coordinator in the CAISO Control Area to pay its share of NERC/WECC Charges rests entirely with the individual LSE or Scheduling Coordinator. Under no circumstances shall the CAISO have any obligation to pay any part of NERC/WECC Charges or any interest charges related to NERC/WECC Charges, except for those NERC/WECC Charges paid to the CAISO by Scheduling Coordinators and any interest charges paid to the CAISO to the extent the CAISO is authorized to collect such interest charges with respect to NERC/WECC Charges.
  
7. Limitation of CAISO Obligation to Pursue Collections. The CAISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to WECC or NERC as provided for in this Agreement and in the CAISO Tariff. Notwithstanding the foregoing, the CAISO shall have the right, in its sole discretion, to recoup, set off, and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC Charges in accordance with the CAISO Tariff.

8. Other Terms.

- a. Dispute Resolution. The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, either Party may bring a legal action or proceeding pursuant to the provisions of Section 8(b) of this Agreement.
- b. Governing Law. This 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, without regard to any choice of laws provision. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or any U.S. federal court located in the State of California or, where subject to its jurisdiction, before FERC.
- c. Force Majeure. Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an uncontrollable force. For purposes of this Agreement, an uncontrollable force means any act of God, labor disturbance, act of the public enemy, war, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Party which could not be avoided through the exercise of good utility practice. In the event of the occurrence of an uncontrollable force, which prevents a Party from performing any obligation under this Agreement, the affected Party shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the uncontrollable force. The affected Party shall use its best efforts to mitigate the effects of such uncontrollable force, remedy its inability to perform, and resume full performance of its obligations hereunder.

- d. Assignment. Neither Party may assign or transfer any of its rights and/or obligations under this Agreement without the other Party's prior written consent. Such consent shall not be unreasonably withheld. Any such assignment or transfer shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement. No assignment or transfer of this Agreement shall relieve the assigning or transferring Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment or transfer.
- e. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supercedes any prior or contemporaneous agreements or understandings between the Parties concerning such subject matter. In the event of any conflict between this Agreement and (1) the Delegation Agreement between NERC and WECC approved by FERC in an order issued April 19, 2007<sup>3</sup> (as that Delegation Agreement may be amended from time to time) with respect to the CAISO providing billing services to facilitate WECC's collection of NERC/WECC Charges from Scheduling Coordinators or LSEs within the CAISO Control Area, or (2) the CAISO Tariff, this Agreement shall govern.
- f. Relationship of Parties. This Agreement shall not be interpreted as creating or implying any relationship between the Parties (e.g., partnership or joint venture) that is beyond the scope of the rights and obligations described herein.
- g. Amendments. No amendment, modification, or waiver of any term of this Agreement shall be effective unless set forth in a writing signed by both WECC and the CAISO.
- h. Construction. Each provision in this Agreement shall be interpreted without regard to any presumption against the Party that drafted the provision.

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<sup>3</sup> *North American Electric Reliability Corp., et al.*, 119 FERC ¶ 61,060 (2007).

- i. Headings. The headings set forth herein are inserted for convenience and shall have no effect on the interpretation or construction of this Agreement.
- j. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in effect.
- k. Capitalized Terms. Any capitalized term that is not otherwise defined herein shall have the meaning set forth in the CAISO Tariff as it may be amended from time to time.
- l. Term and Termination. The term of this Agreement will commence on the date first stated above. In the event FERC issues an order requiring any changes to the Agreement that are unacceptable to either party, a party may terminate the Agreement by providing written notice to the other party within thirty (30) days of issuance of the FERC order. This Agreement shall continue in effect until terminated by one of the Parties, upon ninety (90) days' prior written notice. No such termination shall relieve either party from any obligation arising prior to the date of termination.
- m. Default and Cancellation. Either Party may cancel this Agreement upon the occurrence of an event of material default by the other Party; such cancellation will be effective upon the defaulting Party's receipt of notice of such cancellation. An event of material default shall include any material breach of this Agreement by a Party, provided that the breaching Party has failed to cure such breach within thirty (30) days after receiving written notice of the breach from the other Party. The non-breaching Party shall be entitled to suspend its performance hereunder until such time as the breach is cured. The non-defaulting Party shall have all the rights and remedies available to it under this Agreement, at law or in equity.
- n. Waivers. Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be

deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.

- o. Counterparts. This 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 Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement, effective as of the date first above written.

WESTERN ELECTRICITY COORDINATING COUNCIL

By: Mark W. Maher

Name: MARK W. MAHER

Title: CEO

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

By: W J Regan

Name: W J REGAN

Title: CEO

# Attachment D

**Attachment D – Red-Lined Document Showing Changes Reflected in  
Revised Billing Services Agreement Between the CAISO and the WECC**

**WECC/NERC Compliance Filing – Docket No. ER07-805**

**December 14, 2007**



**BILLING SERVICES AGREEMENT BY AND BETWEEN  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
AND THE WESTERN ELECTRICITY COORDINATING COUNCIL**

This Billing Services Agreement (“Agreement”) is entered into as of the \_\_\_ day of August, 2007, by and between the California Independent System Operator Corporation (the “CAISO”) and the Western Electricity Coordinating Council (“WECC”). The CAISO or WECC may each be referred to as a “Party” or together referred to as the “Parties”.

WHEREAS, the North American Electric Reliability Corporation (“NERC”) has been certified by the Federal Energy Regulatory Commission (“FERC”) as the Electric Reliability Organization for the United States under Section 215 of the Federal Power Act, with responsibility for improving the reliability of the interconnected electric bulk power system;

WHEREAS, FERC has accepted a Delegation Agreement filed by NERC designating WECC as the Regional Entity for the Western Interconnection, and thus WECC is a Regional Entity pursuant to the requirements established by FERC, with responsibility for ensuring the reliable operation of the electric power systems within its territory;

WHEREAS, the CAISO is an independent system operator with responsibility for operating the electric power grid within a specified geographic region, the CAISO Control Area, pursuant to the terms of the CAISO Tariff, as it may be amended from time to time;

WHEREAS, WECC has been authorized by FERC under the October 24, 2006 Funding Order<sup>1</sup> to collect from Load-Serving Entities (“LSEs”) within the Western Interconnection the FERC-approved WECC costs and an allocable portion of NERC costs on behalf of NERC relating to functions performed by NERC, WECC, and regional

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<sup>1</sup> *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091 (2006).

advisory bodies within the western interconnection pursuant to Section 215 of the Federal Power Act (“NERC/WECC Charges”);

WHEREAS, WECC desires to contract with the CAISO to provide certain billing services to facilitate WECC’s collection of the NERC/WECC Charges from LSEs within the CAISO Control Area;

WHEREAS, pursuant to the CAISO Tariff, the CAISO is willing to provide certain billing services described herein to facilitate WECC’s collection of NERC/WECC Charges from Scheduling Coordinators on behalf of LSEs within the CAISO Control Area, subject to the terms and conditions set forth herein;

WHEREAS, Scheduling Coordinators (each of which is an LSE and/or represents an LSE or LSEs) are the parties to whom the CAISO invoices NERC/WECC Charges pursuant to the CAISO Tariff and are the parties responsible for paying NERC/WECC Charges to the CAISO;

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. WECC Authorization. WECC represents and warrants that it has obtained all necessary regulatory approvals and legal authority needed for it to enter into and perform this Agreement.
  
2. Processing NERC/WECC Charges. The Parties agree that NERC/WECC Charges for Scheduling Coordinators in the CAISO Control Area will be processed as follows:
  - a. By July 31 of each calendar year (or, to the extent the necessary information from NERC or any regional advisory body is not received by WECC in time to permit WECC to provide the information by July 31, as soon as possible thereafter), WECC shall notify the CAISO in writing of

the portions of the proposed budgets of NERC, WECC, and regional advisory bodies that serve the WECC that are allocable to the CAISO Control Area for the upcoming calendar year.

- ba. Upon the earlier of (1) forty-five (45) days prior to the beginning of each calendar year or (2) ten (10) days after FERC approves the budgets of NERC and WECC for the applicable year, WECC will send a written notification to the CAISO that shows the aggregate NERC/WECC Charges for the CAISO Control Area for the upcoming calendar year.
- c. WECC will promptly inform the CAISO in writing of any requests that Scheduling Coordinators or LSEs make to WECC for adjustments to NERC/WECC Metered Demand, and WECC will promptly inform the CAISO in writing of any such requests for adjustments that WECC approves in accordance with the FERC order concerning the invoicing of NERC/WECC Charges issued on October 22, 2007.<sup>2</sup> Every written statement that WECC provides to the CAISO regarding adjustments that WECC has approved shall specifically state which such adjustments for which particular Scheduling Coordinators need to be made for the upcoming calendar year.
- db. The CAISO will allocate NERC/WECC Charges among Scheduling Coordinators and issue invoices for NERC/WECC Charges to such Scheduling Coordinators in accordance with the provisions concerning the allocation of NERC/WECC Charges contained in the CAISO Tariff. The CAISO will reflect the WECC-approved adjustments described in Section 2(c) in the allocation and invoicing of NERC/WECC Charges as time permits, except that the CAISO will not reflect, with regard to the allocation and invoicing of NERC/WECC Charges for the upcoming calendar year, WECC-approved adjustments that are provided to the CAISO after July 1 of the year preceding the upcoming calendar year.
- ee. At least one (1) day prior to the beginning of each calendar year, the CAISO will forward to WECC, through Fedwire or other electronic

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<sup>2</sup> California Independent System Operator Corp., 121 FERC ¶ 61,074 (2007).

means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.

fd. Notwithstanding Sections 2(ba) and 2(ee), WECC will send final written notification to the CAISO regarding NERC/WECC Charges for calendar year 2007 by September 20, 2007. The final written notification that WECC sends to the CAISO pursuant to this Section 2(fd) shall indicate any amounts that WECC has directly billed, and which LSEs/Scheduling Coordinators have paid directly to WECC, for 2007 NERC/WECC Charges. The CAISO will allocate 2007 NERC/WECC Charges to Scheduling Coordinators and issue NERC/WECC Charge Invoices to such Scheduling Coordinators in accordance with the FERC-approved provisions of the CAISO tariff, and the CAISO shall deduct from the NERC/WECC Charge Invoices any amounts that LSEs/Scheduling Coordinators have already paid directly to WECC for 2007 NERC/WECC Charges. By November 29, 2007, the CAISO will forward to WECC, through Fedwire or other electronic means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and the amounts that are unpaid. The CAISO will use reasonable efforts to forward to WECC significant payments that it receives prior to November 29, 2007.

ge. The CAISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the invoices and other documentation on which the CAISO's certificate was based to WECC, NERC, and the applicable Scheduling Coordinator. A CAISO certificate given under this Section 2(ge) may be used as prima facie evidence of the amount due in any legal proceedings.

gf. The CAISO will not use its billing under this Agreement to unduly influence NERC's operations as the Electric Reliability Organization or WECC's operations as a Regional Entity.

3. Notices. All notices and payments between the Parties under this Agreement shall be in writing and shall be effective when delivered either by (i) U.S. Mail, with a confirming email, or (ii) through electronic means directed to the following individuals:

a. Notices and payments to WECC shall be directed to:

Catrina Martin  
Western Electricity Coordinating Council  
615 Arapeen Dr., Suite 210  
Salt Lake City, UT 84108-1262  
Tel: (801) 582-0353  
Email: [Catrina@wecc.biz](mailto:Catrina@wecc.biz)

b. Notices and payments to the CAISO shall be directed to:

Michael Epstein  
The California Independent System Operation Corporation  
151 Blue Ravine Rd.  
Folsom, CA 95630  
Tel: (916) 351-2314  
Email: [mepstein@caiso.com](mailto:mepstein@caiso.com)

A Party may inform the other Party that a change will occur regarding the contact information of an individual to whom notices and payments are to be directed without the need to amend this Agreement by providing a notice to the other Party in writing that describes the change. No such change shall be deemed to have been given until notice of the change has been received by the Party to which the notice was provided.

4. WECC Indemnification of the CAISO. To the greatest extent permitted by law, WECC shall indemnify and hold harmless the CAISO and its officers, employees,

directors, agents, and consultants from and against any and all suits, demands, claims, losses, liabilities, and expenses, including reasonable attorneys' fees, arising out of WECC's failure to perform its obligations under this Agreement.

5. Limitation of WECC Liability. WECC shall have no obligations whatsoever to compensate the CAISO for any costs incurred or services performed by the CAISO, pursuant to this Agreement or the CAISO Tariff, in order to facilitate WECC's collection of NERC/WECC Charges.
  
6. Limitation of CAISO Liability. The obligation of each LSE or Scheduling Coordinator in the CAISO Control Area to pay its share of NERC/WECC Charges rests entirely with the individual LSE or Scheduling Coordinator. Under no circumstances shall the CAISO have any obligation to pay any part of NERC/WECC Charges or any interest charges related to NERC/WECC Charges, except for those NERC/WECC Charges paid to the CAISO by Scheduling Coordinators and any interest charges paid to the CAISO to the extent the CAISO is authorized to collect such interest charges with respect to NERC/WECC Charges.
  
7. Limitation of CAISO Obligation to Pursue Collections. The CAISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to WECC or NERC as provided for in this Agreement and in the CAISO Tariff. Notwithstanding the foregoing, the CAISO shall have the right, in its sole discretion, to recoup, set off, and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC Charges in accordance with the CAISO Tariff.

8. Other Terms.

- a. Dispute Resolution. The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, either Party may bring a legal action or proceeding pursuant to the provisions of Section 8(b) of this Agreement.
- b. Governing Law. This 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, without regard to any choice of laws provision. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or any U.S. federal court located in the State of California or, where subject to its jurisdiction, before FERC.
- c. Force Majeure. Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an uncontrollable force. For purposes of this Agreement, an uncontrollable force means any act of God, labor disturbance, act of the public enemy, war, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Party which could not be avoided through the exercise of good utility practice. In the event of the occurrence of an uncontrollable force, which prevents a Party from performing any obligation under this Agreement, the affected Party shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the uncontrollable force. The affected Party shall use its best efforts to mitigate the effects of such uncontrollable force, remedy its inability to perform, and resume full performance of its obligations hereunder.

- d. Assignment. Neither Party may assign or transfer any of its rights and/or obligations under this Agreement without the other Party's prior written consent. Such consent shall not be unreasonably withheld. Any such assignment or transfer shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement. No assignment or transfer of this Agreement shall relieve the assigning or transferring Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment or transfer.
- e. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supercedes any prior or contemporaneous agreements or understandings between the Parties concerning such subject matter. In the event of any conflict between this Agreement and (1) the Delegation Agreement between NERC and WECC approved by FERC in an order issued April 19, 2007<sup>3</sup> (as that Delegation Agreement may be amended from time to time) with respect to the CAISO providing billing services to facilitate WECC's collection of NERC/WECC Charges from Scheduling Coordinators or LSEs within the CAISO Control Area, or (2) the CAISO Tariff, this Agreement shall govern.
- f. Relationship of Parties. This Agreement shall not be interpreted as creating or implying any relationship between the Parties (*e.g.*, partnership or joint venture) that is beyond the scope of the rights and obligations described herein.
- g. Amendments. No amendment, modification, or waiver of any term of this Agreement shall be effective unless set forth in a writing signed by both WECC and the CAISO.
- h. Construction. Each provision in this Agreement shall be interpreted without regard to any presumption against the Party that drafted the provision.

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<sup>3</sup> *North American Electric Reliability Corp., et al.*, 119 FERC ¶ 61,060 (2007).



- i. Headings. The headings set forth herein are inserted for convenience and shall have no effect on the interpretation or construction of this Agreement.
- j. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in effect.
- k. Capitalized Terms. Any capitalized term that is not otherwise defined herein shall have the meaning set forth in the CAISO Tariff as it may be amended from time to time.
- l. Term and Termination. The term of this Agreement will commence on the date first stated above. In the event FERC issues an order requiring any changes to the Agreement that are unacceptable to either party, a party may terminate the Agreement by providing written notice to the other party within thirty (30) days of issuance of the FERC order. This Agreement shall continue in effect until terminated by one of the Parties, upon ninety (90) days' prior written notice. No such termination shall relieve either party from any obligation arising prior to the date of termination.
- m. Default and Cancellation. Either Party may cancel this Agreement upon the occurrence of an event of material default by the other Party; such cancellation will be effective upon the defaulting Party's receipt of notice of such cancellation. An event of material default shall include any material breach of this Agreement by a Party, provided that the breaching Party has failed to cure such breach within thirty (30) days after receiving written notice of the breach from the other Party. The non-breaching Party shall be entitled to suspend its performance hereunder until such time as the breach is cured. The non-defaulting Party shall have all the rights and remedies available to it under this Agreement, at law or in equity.
- n. Waivers. Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be

deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.

- o. Counterparts. This 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 Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement, effective as of the date first above written.

WESTERN ELECTRICITY COORDINATING COUNCIL

By: \_\_\_\_\_

Name:

Title:

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

By: \_\_\_\_\_


Name:

Title:

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, DC this 14<sup>th</sup> day of December, 2007.

  
Bradley R. Milauskas