

**Real-Time Imbalance Energy Offset Settlement Draft Tariff Language
Fourth Replacement CAISO Tariff
September 17, 2009**

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11.5.4.2 Allocations of Non-Zero Amounts of the Sum of IIE, UIE, UFE, and the Real-Time Ancillary Services Congestion Revenues.

The CAISO will first compute (1) the Real-Time Congestion Offset and allocate it to all Scheduling Coordinators, based on Measured Demand, excluding Demand associated with ETC or TOR Self-Schedules for which a HASP and RTM Congestion Credit was provided as specified in Section 11.5.7, and excluding Demand associated with ETC, Converted Right, or TOR Self-Schedules for which an IFM Congestion Credit was provided as specified in Section 11.2.1.5; and (2) the Real-Time Marginal Cost of Losses Offset and allocate it to all Scheduling Coordinators based on Measured Demand, excluding Demand associated with TOR Self-Schedules for which a RTM Marginal Cost of Losses Credit for Eligible TOR Self-Schedules was provided as specified in Section 11.5.7.2, and excluding Demand associated with TOR Self-Schedules for which an IFM Marginal Cost of Losses Credit for Eligible TOR Self-Schedules was provided as specified in Section 11.2.1.7. For Scheduling Coordinators for MSS operators that have elected to Load follow or net settlement, or both, the Real-Time Marginal Cost of Losses Offset will be allocated based on their MSS Aggregation Net Measured Demand excluding Demand associated with TOR Self-Schedules for which a RTM Marginal Cost of Losses Credit for Eligible TOR Self-Schedules was provided as specified in Section 11.5.7.2, and excluding Demand associated with TOR Self-Schedules for which an IFM Marginal Cost of Losses Credit for Eligible TOR Self-Schedules was provided as specified in Section 11.2.1.7. For Scheduling Coordinators for MSS Operators regardless of whether the MSS Operator has elected gross or net Settlement, the CAISO will allocate the Real-Time Congestion Offset based on the MSS Aggregation Net Non-ETC/TOR Measured Demand. To the extent that the sum of the Settlement amounts for IIE, UIE, UFE and the Real-Time Ancillary Services Congestion revenues, less Real-Time Congestion Offset and less the Real-Time Marginal Cost of Losses Offset, does not equal zero, the CAISO will assess charges or make payments for the resulting differences to all Scheduling Coordinators, including Scheduling Coordinators for MSS Operators that are not Load following MSSs and have elected gross Settlement, based on a pro rata share of their Measured Demand for the relevant Settlement Interval. For Scheduling Coordinators for MSS Operators that have elected ~~Load following or net Settlement, or both~~, the CAISO will assess charges or make payments for the resulting non-zero differences of the sum of the Settlement amounts

for IIE, UIE, and UFE and the Real-Time Ancillary Services Congestion Revenues, less Real-Time Congestion Offset and less the Real-Time Marginal Cost of Losses Offset based on their MSS Aggregation Net Measured Demand. For Scheduling Coordinators for MSS Operators that have elected Load following, the CAISO will not assess any charges or make payments for the resulting non-zero differences of the sum of the Settlement amounts for IIE, UIE, and UFE and the Real-Time Ancillary Services Congestion Revenues, less Real-Time Congestion Offset and less the Real-Time Marginal Cost of Losses Offset.

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