

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
Edison	ISO should reflect the retail standby transmission revenue received by the Participating TO from retail standby customers in the High Voltage Access Charge	Change made
Edison	PTOs assess standby transmission charges on a contract demand basis to retail standby customers and the ISO credits the standby transmission revenue received by the PTO against the total High Voltage TRR in calculating the \$/MWh High Voltage TAC rate applicable to each PTO.	While is it fundamental principle that the ISO does not want to get into the retail rate business, the addition of Existing QF Contracts and the revenue associated with such contract being credited against the TRR. We believe the Tariff includes this concept. Change made
Edison	The ultimate principle should be: One ISO Grid-Wide High Voltage Access Charge rate to apply to all Participating TOs.	A fundamental principle of the proposal is that load should pay the Access Charge consequently, UDCs, MSSs, or SCs directly serving load should pay, not the Participating TO who is not necessarily serving load. Additionally, the PTO is not the customer in this case, they are the provider. Change not made
Edison	ISO assesses the High Voltage Access Charge applicable to PTOs based on the retail, end-use load billed by the PTO.	See above
Edison	The Access Charge cost-shift amounts to be paid by the Original Participating TOs shall be considered to be just and reasonable and included in the TRR and rates applicable to retail end-use customers located in its service area. The Participating TO, at its discretion, is permitted to recover the cost-shift amounts outside of a general rate case process through a transmission rate surcharge and balancing account mechanism. If regulators disallow recovery in rates by an Original PTO of any cost-shift amounts, the PTO shall be relieved of the responsibility for paying the ISO or other PTOs for such amounts.	FERC has jurisdiction over transmission rates and it is the ISO's understanding that if FERC approves the Access Charge rate design, then their approval allows the PTOs to recovery the approved rate. Clarify text was added to 7.1 and Appendix F, Schedule 3, Section 3.2 to clarify this concern.

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Edison	In the establishment of a PTO's authorized high voltage transmission revenue requirement and rates, a PTO shall credit the transmission revenue received under existing transmission contracts. Other approaches for handling existing contracts in revenue requirement determination, such as the imputation of higher revenues based on the TAC rate level or some other rate, are inappropriate and inconsistent with this Compromise Proposal, since they may place uncompensated burdens on PTO shareholders.	An Existing Contract Rightholder, if they convert their Existing Contract must still pay the Existing Contract costs. Assuming that a New PTO has an Existing Contract with an Original PTO that is converted, the New PTO will include the cost of the Existing Contract in their TRR and the Original PTO will include the revenue from such Existing Contract in its TRR.
Edison	Each PTO is responsible for the costs associated with Reliability Must-Run (RMR) generating units located in its Service Area or as the Responsible Utility or Utilities whose Service Area is benefiting from the RMR generation, if such generation is located outside the Service Area of any PTO.	This is consistent with the ISO Tariff Sections 3.3.4.4. 5.2.7 and 5.2.8.
Edison	SONGS shall be treated for RMR purposes pursuant to Amendment 25, assuming its adoption by FERC.	In accordance with Amendment 25, should SONGS be designated as RMR Generation, the Tariff would allow for the allocation of such facilities costs.
Edison	Jurisdictional PTOs file proposed rates at FERC for acceptance and/or approval, and it is contemplated that FERC acceptance and approval will and fully reflect the provisions contained in this Compromise Proposal.	That is the anticipation of the ISO.

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CAC/EPUC	<p>2.2.7.3 - Revise the following sentences: For the purposes of calculating the Scheduling Coordinator's liability, for any Trading Day for which all relevant Settlement data is not yet available, calculation of the Scheduling Coordinator's liability shall be equal to the gross total Energy (in kWh) scheduled <u>for delivery to Billed Loads</u> by the Scheduling Coordinator on that Trading Day multiplied by the ISO's estimated average cost for Imbalance Energy, Ancillary Services and Usage Charges per kWh of Energy traded, as such estimated cost is notified by the ISO to Scheduling Coordinators from time to time.</p> <p>For the purposes of estimating the UDC's or MSS's aggregate liability for High Voltage Access Charges, the UDC's or MSS's liability shall be equal to the billed <u>Billed Load</u> (in kWh) for a month in the UDC's or MSS's Service Area (including Exports from the Service Area) multiplied by the ISO's estimated High Voltage Access Charge for that month, as such estimated cost is notified by the ISO to UDCs and MSSs from time to.</p>	Term has been changed to Gross Load Similar change made.
CMUA	2.2.7.3 - While CMUA understands that the ISO desires to limit its exposure, it would appear that a more tailored remedy is available. CMUA suggests that, if the ISO must retain the ability to reject schedules, that the ISO only be allowed to reject scheduled amounts that exceed the liability limits. This language appears to reject all schedules if the liability limits are exceeded.	This section already allows for the liability limit to be increased at any time and the ISO will provide all entities notice if they are within 10% of their ISO Security Amount. The security amount should be such that exceed the limit is unlikely. Additionally, the ISO does not have the ability to reject partial schedules when are received because then the schedule will not be balanced. Change not made
TANC	2.1.1.2.1 - Proposed change would require immediate conversion of Existing Contracts to Converted Rights. This is a major change to the Tariff, which use to provide a five-year transition to converting Existing contracts to Converted Rights. Additionally, the entitlement to resume Existing Contract Rights if a Party ceases to become a PTO is likely to be impossible.	This was part of the negotiation. Change not made.

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CMUA, TANC	2.4.4.4.1.1 - Operating instructions for converted contracts would not appear necessary, since under this new construct all contracts are converted to ISO protocols. Operating instructions should not be the vehicle for determining what FTRs flow from the converted Existing Contract. That is a matter for resolution prior to becoming a party to the TCA. Subject to clarification, this new language should be deleted.	The ISO is concerned that some term of a Converted Contract is not cover by the ISO Protocols and operating instructions would be required. The ISO does not want to be in the middle, so the language is included. FTRs will be determined at the time the TCA is executed as stated below. Change not made
ORA	2.4.4.4.1.1 - If both parties to a contract are PTOs, and the Existing Contract has been converted, why would there be separate operating instructions?	The Tariff currently provides, and we believe parties still want, the ability to provide the ISO with operating instructions. If the two parties disagree, then this text states which PTOs operating instructions the ISO will follow. Without the language, the ISO would be caught in the middle.
CAC/EPUC	2.5.28.5 - Revised the variable as follows: $QChargeVS_{xjt}$ = charging quantity for Voltage Support for Scheduling Coordinator j for Settlement Period t in Zone x equal to the total metered Demand of <u>Billed Load</u> in Zone x (including exports to neighboring Control Areas and excluding metered Demand inside an MSS) by Scheduling Coordinator j for Settlement Period t.	Demand is capacity based whereas Load is energy based, change is inconsistent with the context of the sentence. Change not made
CAC/EPUC	2.5.28.6 - Revised the variable as follows: $QChargeBlackstart_t$ = charging quantity for Black Start for Scheduling Coordinator j for Settlement Period t equal to the total metered Demand of <u>Billed Load</u> (excluding exports to neighboring Control Areas and metered Demand of a self-sufficient MSS) by Scheduling Coordinator j for Settlement Period t.	Demand is capacity based whereas Load is energy based, change is inconsistent with the context of the sentence. Change not made
MWD	2.5.28.6 - There is a reference to a "self-sufficient MSS" but no text which describes how an MSS's self-sufficiency is determined.	Clarifying change made

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WAPA	<p>3.1 - This section requires that transmission facilities turned over the ISO meet not only the FERC functional criteria for determining transmission facilities, but also the ISO Governing Board criteria. Western has concerns about the ISO Governing Board establishing a second layer of criteria. What is the purpose of the additional criteria? Western believes the FERC functional criteria is the appropriate guidance in making this determination.</p>	<p>Management believes that, if the Board so desires, it should have the ability to establish criteria for transmission facilities under the ISO Operational Control. It should be noted, that Western must agreed to transmission turned over when it executes the TCA.</p>
CMUA	<p>3.1 - Section 3.1 adds ISO Governing Board and existing PTO review of individual transmission facilities to determine whether or not they are included in the ISO Controlled Grid. Both of these provisions are objectionable. While the TCA is a mutual agreement to which all PTOs must sign, that mutuality does not extend to identification and classification of facilities. The roster of facilities is merely a factual appendix to the Agreement itself. This should be done pursuant to objective FERC criteria, and not subject to unspecified processes or criteria. Of course, all Market Participants are already afforded a vehicle to voice their position on inclusion of facilities by a PTO in the ISO Controlled Grid, through relevant provisions of the TCA. That is a far different process than existing PTO or ISO veto authority over facilities of a new PTO.</p> <p>It is appropriate to note that if all PTOs must agree on the roster of facilities to be turned over to ISO Operational Control because those aspects of the TCA are subject to mutual agreement by all parties to the TCA, than new PTOs must also agree to the listing of facilities included in the TCA for Existing PTOs. PTO and ISO Governing Board veto authority over designation of facilities as part of the ISO Controlled Grid must be deleted from the Tariff.</p>	<p>Management believes that, if the Board so desires, it should have the ability to establish criteria for transmission facilities under the ISO Operational Control. The TCA already requires mutual agreement of all parties to the TCA to make and amendment to the agreement. By executing the TCA, the New PTO is agreeing to all provisions and appendices of the agreement. Change not made.</p>

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MWD	3.1 - Metropolitan recommends that the criteria to determine which transmission facilities are to be turned over to ISO Operational Control remain in the TCA, which establishes the terms and conditions under which a Participating Transmission Owner agrees to transfer Operational Control of its transmission facilities to the ISO. Moreover, the TCA specifies the process for interested parties to challenge the ISO's determination of which transmission facilities are to be transferred to the ISO. Therefore, the reference to the selection criteria in Section 3.1 should be deleted. Additionally, the TCA establishes the methodology to withdraw facilities from ISO control and, therefore, the discussion of such action in the Tariff is unnecessary and could lead to confusion.	Nothing in the Tariff impacts the defined process in the TCA. The language in this section if the Tariff is meant to complement the TCA procedure and reflect some guidance regarding facilities to be turned over as requested by the Governmental Entities. Change not made
TANC	3.1 - Governmental Entities should decide which facilities are placed under ISO Operational Control.	The TCA outlines a process for agreement of what facilities are placed under ISO Operational Control. Governmental Entities can not be allowed to "cherry pick" their facilities. Change not made
Edison	3.1 - Revise the notice provision to 60 days from 30 days.	Change made

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<p>Vernon</p>	<p>Add the following Sections: 3.1.1.1 If the TO that intend to become a Participating TO so requests, such agreement that is filed with the Commission shall contain a provision to the effect that such TO will not become a Participating TO unless and until the TO finds acceptable the terms and conditions required by the Commission to be applicable to that TO's status as a Participating TO, including the annual revenue requirement attributed to the transmission facilities and transmission contract rights that the TO proposes to transfer to the ISO for Operational Control. 3.1.1.2 If the TO that intends to become a Participating TO so requests, such agreement that is filed with the Commission shall contain a provisions (either in lieu of or in addition to the provision stated in 3.1.1.1) to the effect that if the Commission orders that issues presented by the filing require resolution through an evidentiary hearing or any other dispute resolution process, the TO shall have the right on written notice to the ISO to opt for Participating TO status on the rates, terms and conditions proposed by the ISO's filing on a conditional basis, the condition being that the TO shall have the right on written notice to the ISO to opt for cessation of that status (and recoupment of Operational Control of its facilities and transmission contract rights) at any time prior to expiration of the time to apply for rehearing of the Commission order resolving such disputed issues presented by the filing. 3.1.1.3 If the ISO and the TO that intends to become a Participating TO are not able to agree on all the provisions of such agreement, the ISO will tender to the Commission for filing an unsigned proposed agreement to enable the TO to seek Commission determination of provisions in dispute.</p>	<p>Section 3.1.1.1 is not needed because the TCA can only be amended if all parties agree. The ISO could not file an amendment to the TCA without the New PTO executing it. Section 3.1.1.2 is not needed because the terms and conditions that are filed at FERC have already been agreed to by the New PTO, if FERC does not approve the amendment, then the amendment is not agreed to and appropriate steps should be taken to resolve the concerns, but giving the TO "PTO" status in the interim without a workable agreement could be detrimental to the market, the Market Participants, the TO and the ISO. Section 13 of the ISO Tariff already establishes the dispute process for the ISO and section 3.1.1.3 is not needed. Changes not made.</p>

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
WAPA, MWD, TANC	3.1.2 - In some instances Existing Contracts would not allow the New PTO to become a Scheduling Coordinator because it involves the scheduling and dispatch of someone else's units. Revise the section to allow the Responsible PTO to remain the Scheduling Coordinator if both parties agree.	Change made
PG&E	3.1.2 - Add the following sentence at the end of the section: Upon execution of the Transmission Control Agreement the New Participating TO assumes responsibility for paying all Scheduling Coordinators charges regardless of whether the New Participating TO elects to become a Scheduling Coordinator or obtains the services of a Scheduling Coordinator.	Change made
MWD	3.2.7.4 - It is not clear whether Section 3.2.7.4 applies if a New PTO has joined the Northern TAC Area but the capital upgrade occurs in the East Central TAC Area which has no New PTOs.	Clarifying change made
Enron	3.3 - Your MSS proposals are the very provisions already under litigation in the Unresolved Issues case. There was no attempt to address the issues raised by parties in that case. That will have to be pointed out to FERC.	The MSS proposal has been included in the Tariff since the January 18 draft and the ISO has requested comments repeatedly on all drafts. Numerous other participants provided comments on this section.
LADWP	3.3 - The concept of an MSS is consistent with the principles supported by Los Angeles. However, the details of an MSS remain to be fully developed.	All comments on this section provided by LADWP were addressed and the ISO is not aware of additional concerns but would gladly address them if received.
Redding	3.3 - The MSS should pay all ISO charges based on actual use of the ISO Controlled Grid, net, to the MSS boundary.	Of the 9 charge types in Section 11.1.6, 7 are essentially paid based on the "net" use of the ISO Controlled Grid. Only the High Voltage Access Charge and GMC, as negotiated, are paid based on gross. Change not made.
Edison	3.3 - MSS concept is clearly unduly discriminatory to existing PTOs by definition, since only new PTOs may become MSSs. The MSS issue should not be included with the TAC, but rather should be considered separately.	MSS is addressing vertically integrated utilities, the existing PTOs are no longer vertically integrated. The MSS is critical to facilitating participation of New PTOs waiting on this issue will made the Access Charge filing ineffective. Change not made

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MWD, CMUA	3.3.1.1 and 3.3.5 - To avoid confusion and conflict regarding which Tariff provisions are "applicable" to MSS Operators the ISO should specifically identify or describe those Tariff sections that are inapplicable to MSS Operators. Leaving the language as currently drafted simply invites disputes regarding the meaning of the term "applicable".	It is anticipated that each MSS will be slightly different and the Tariff provisions that will not be applicable will be specifically negotiated in each Metered Subsystem Agreement. Change not made.
SMUD	3.3.1.1 Add the following: Key features of the Compromise TAC proposal will be preserved in referenced agreements between the New PTO and the ISO that will not be affected by current or subsequent tariff language, and may only be amended by mutual consent of the Parties.	What is negotiated in the pro forma agreements is in the pro forma agreements and should not be tied down in the Tariff. The ISO needs the flexibility to negotiate mutually agreeable contracts that are not inconsistent with the ISO Tariff. Additionally, the ISO's policy is that no agreement, other than the RMR agreement, trumps the tariff. If specific exceptions are needed in the pro forma agreements, those are negotiated at the time of executing the agreement based on a justified need. Change not made
MWD	3.3.2 - Metropolitan believes the ISO should impose no additional information disclosure requirements on MSS Operators than are imposed upon Participating Generators, otherwise the former group may suffer competitive disadvantage, and the latter group may receive unjust competitive benefits. Section 3.3.2 provides that "All information pertaining to the physical state or operation, maintenance and failure of the MSS affecting the operation of the ISO Control Area that is made available to the ISO by the MSS Operator shall also be made available to Scheduling Coordinators, provided that the ISO shall provide reasonable notice to the MSS Operator." However, the Tariff imposes no parallel requirements upon Participating Generators. The ISO should either modify the Tariff to impose similar requirements on Participating Generators or conform Section 3.3.2 to the current Tariff disclosure provisions applicable to Participating Generators.	Section 3.3.2 mirrors the same requirements of UDCs in Section 4.1.2 of the ISO Tariff with modifications requested by various municipal utilities. Because of commercially sensitive information, the ISO, although it receives Participating Generator information, does not disseminate that information to anyone. Change not made.

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SMUD, TANC	3.3.4.1 - 1) The obligation to avoid adverse effects needs to be bilateral, and language elsewhere in the tariff regarding ISO obligations does not seem to carry such an obligation or liability. 2) The right of the ISO to suspend MSS operations if the ISO determines the MSS is not operating in conformance with good utility practice is draconian, unworkable and unnecessary. The addition of unspecified notice is of very little help.	1) Section 2.3.1.3 establishes the ISO's obligation to reliably operate the ISO Control Grid which is the reciprocal to the MSSs obligation in 3.3.4.1. The liability obligations of the ISO are addressed in Section 14 of the ISO Tariff. 2) If a MSS is established, the ISO needs the ability to suspend the operations of the MSS if the MSS Operator is jeopardizing the reliability of the ISO Controlled Grid. The addition of a notice provision was in response to a concern raised that negotiations should go on prior to suspending the MSS status. With a warning to the MSS Operator, the ISO needs the ability to maintain the integrity of the ISO Controlled Grid. Changes not made.
SMUD	3.3.4 - the tariff should accommodate the operations of an MSS that has not agreed to the compromise, is not a PTO, and schedules at its perimeter interface with the ISO Controlled Grid instead of at loads and generators, as provided for in existing interconnection agreements	At this point, MSS is part of the compromise being offered to New PTOs. Change not made.
SMUD	3.3.4.4, 3.3.4.5, and 3.3.4.6 - Language is needed to clarify that the MSS that meets its own RMR, Black Start, Voltage support and Intra-zonal congestion at the MSS boundary obligations will have no obligation to pay charges for any share of such functions performed by others.	These sections already state that the MSS Operator is responsible for the RMR, Black Start, Voltage support and Intra-zonal congestion costs required for the MSS, either inside the MSS or at its boundary. Change not needed.
CAC/EPUC, MWD	3.3.5.1 - Revise the section as follows Without limiting the foregoing, the Scheduling Coordinator for the MSS must submit information regarding gross System Unit, gross Generating Unit, imports, exports and billed Billed Loads to the ISO in the format and in accordance with the timelines applicable to other Scheduling Coordinators.	Term has been changed to Gross Load Change made
CMUA	3.3.5.1 - Should only be required to schedule the interchange, "net", between the ISO and MSS.	Scheduling of gross Generation and Loads is critical to the ISO and the reliable operation of the ISO Controlled Grid. Change not made.

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SMUD, MID, TID, TANC	3.3.6.3 - should be deleted in its entirety. MSS response to ISO direction in an emergency should be accomplished on a system unit basis. To do otherwise would serve no reliability purpose, and could in fact threaten reliability of the MSS and the ISO Grid, as the ISO is not familiar with the internal operational constraints of MSS.	This section specifically states that for the ISO to direct control of a specific Generating Unit only to the extent necessary to maintain ISO Controlled Grid reliability. The first two provisions in the section facilitate response by System Unit. This last section is needed for the specific case whereby reliability of the ISO Controlled Grid is in jeopardy and the previous response under sections 3.3.6.1 and 3.3.6.2 have not resolved the System Emergency. Change not made.
TANC	3.3.7.5 - The ISO may direct the MSS Operator to disconnect Load from the ISO Controlled Grid to avoid an anticipated System Emergency. This right of the ISO needs to be bounded in some way.	Specific terms and condition of Section 3.3 will be included in the Metered Subsystem Agreement. Change not made
CMUA	3.3.11.3 - 1) A barrier to A/S self-provision is information dissemination on what standards that the ISO will require for the precise levels of necessary A/S during the hour that they will be self-provided. CMUA has found no provision that specifies how the ISO will make available the applicable standards for each A/S that is self-provided. 2) These provisions implementing self-provision of A/S do not appear to take into account rational buyer as implemented by the ISO, or potentially by an MSS that is self-providing A/S. This provision of the Tariff requires clarification.	Details regarding Ancillary Service provisions will be included in the Metered Subsystem Agreement and are not needed in the Tariff. Change not made
CAC/EPUC	3.3.14.5 - Revise the section as follows: When and to the extent that Energy from a System Unit is scheduled to provide for the needs of Loads within the MSS and is not being bid to the ISO's Ancillary Service or Supplemental Energy markets, the ISO shall have the authority to dispatch the System Unit only to avert or respond to an emergency <u>System Emergency</u> pursuant to Section 5.1.3.	Section 5.1.3 of the Tariff uses the term emergency so the cross-reference is correct. Addition of System Emergency and cross-reference to Section 5.6 was added. Clarifying change made

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PG&E	<p>5.2.8 - Revise the section as follows: The costs incurred by the ISO under each Reliability Must Run Contract shall be payable to the ISO by the Responsible Utility in whose Service Area the Reliability Must-Run Generating Units covered by such Reliability Must Run Contract are located or, where a Reliability Must-Run Generating Unit is located outside the Service Area of any Responsible Utility, by the Responsible Utility or Responsible Utilities whose Service Areas are contiguous to the Service Area in which the Generating Unit is located, in proportion to the benefits that each such Responsible Utility receives, determined by the ISO. <u>by High Voltage Access Charge customers in proportion to the benefits that such customers receive as determined by the ISO and approved by the Federal Energy Regulatory Commission or, where a Reliability Must-Run Generating Unit is located outside of the Service Area of any Responsible Utility, by the Responsible Utility, Responsible Utilities or High Voltage Access Charge customers, in proportion to the benefits that each such Responsible Utility or High Voltage Access Charge customer receives, as determined by the ISO and approved by the Federal Energy Regulatory Commission.</u> <u>Where costs incurred by the ISO under a Reliability Must Run Contract are allocated among two or more Responsible Utilities or High Voltage Access Charge customers pursuant to this section, the ISO will file the allocation under Section 205 of the Federal Power Act.</u></p>	After discussion with Board members, change not made.
Edison	7.1 - Need to fully protect against regulatory disallowance of cost-shift amounts and other aspects of the proposal.	Changes made to 7.1 and Appendix F, Schedule 3, Section 3.2
Redding	7.1 - A "transmission reservation charge" could be incorporated to reflect an option for MSSs use of the ISO Controlled Grid.	At this time, the proposal does not included development by the ISO of a transmission reservation charge for MSSs. Change not made

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CAC/EPUC	<p>7.1 - Revise the following sentences: All Market Participants withdrawing Energy <u>for Billed Load</u> from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 7.1.</p> <p>Until <u>Prior to</u> the transition date determined under Section 4.3 of Schedule 3 to Appendix F, the Access Charge for each Participating TO shall be determined in accordance with the principles set forth in this Section 7.1 and in Section 5 of the TO Tariff.</p> <p>Commencing on the transition date determined under Section 4.3 of Schedule 3 to Appendix F, the Access Charges shall be paid to the ISO by the UDC or MSS delivering the Energy for the supply of billed <u>Billed Load</u> and by Scheduling Coordinators serving <u>Billed Load</u> of End-Use Customers not directly connected to the facilities of a UDC or MSS and shall consist, where applicable of a High Voltage Access Charge and a Low Voltage Access Charge.</p> <p>The High Voltage Access Charge shall be paid based on all Energy delivered for the supply of billed <u>Billed Load</u> directly from a High Voltage Transmission Facility. Both the High Voltage Access Charge and the Low Voltage Access Charge for the applicable Participating TO shall be paid on all Energy delivered to all other billed <u>Billed Load</u>.</p>	Term change to Gross Load Change made
CMUA	7.1 - The ISO needs to clarify how it will enforce conformance of Section 5 of the TO Tariff with this Section.	Change made
Edison, PG&E	7.1 - Add the following at the end of the section: Each PTO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that PTO through their retail rates.	Change made
Edison	7.1 - There should be recognition that two TRBAs may be required, one for high-voltage credits and one for low voltage credits.	Change made

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Roseville	<p>7.1.1 - Historically, Municipal Owned Utilities have contracted with Investor Owned Utilities or Federal Power Marketing Associations for transmission services. As a condition to receiving these transmission services, Municipal Owned Utilities have frequently financed the cost of upgrades or additions to the transmission system. The ownership of these new facilities were then transferred to the IOU or PMA as partial payment for the transmission contract. These actions were agreed to by Municipal Owned Utilities in exchange for long-term transmission contracts which gave the MOU priority use of the facilities. The ISO proposal could require the early termination of these contracts and the relinquishment of priority use of facilities paid for by the Municipal Owned Utility. FERC accounting procedures, which the ISO is proposing to utilize, do not provide a means of compensating Municipal Owned Utilities for these investments; they would truly be "given" to the ISO.</p>	<p>Noted. Accounting procedures will be developed subsequent to this filing. Change not made</p>
WAPA	<p>7.1.1 - Western as a Federal PMA has federal laws and regulations it must follow in developing its rates. Revise the section as follows: 1) Delete all references to federal power marketing agencies. 2) Add the following to the end: " Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their High Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations. The procedures for public participation in a federal power marketing agency's ratemaking process are posted on the federal power marketing agency's website. The federal power marketing agency's shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's High Voltage Transmission Revenue Requirement."</p>	<p>Change made</p>

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MWD	7.1.1 - modify the sentence ... the justness and reasonableness of the requirement will be evaluated by the Revenue Review Panel <u>in accordance with standards established under the Federal Power Act.</u>	Change made
CAC/EPUC	7.1.2 - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made
CMUA, TANC, Edison	7.1.2 - Billing the Access Charge to Scheduling Coordinators would bypass retail rate authorities, and therefore determinations on how transmission costs would be allocated to and among retail customers. This also raises competitive issues, because there is no regulatory authority that CMUA is aware of that will oversee how SCs will distribute transmission costs to the Loads that they serve, raising the possibility that SCs may be able to compete unfairly, when compared to regulated entities such as UDCs and MSSs, on a bundled bill basis. All Access Charge billing should be done through the UDC or MSS.	The problem is not all parties are either a MSS or UDC, which is why, the additional text was added. DWR is a good example of this or a New PTO that does not want to be a UDC or MSS. Change not made.
Edison	7.1.3 - SCE does not see the necessity of Section 7.1.3, regarding the disbursement of High Voltage Access Charge Revenues, at least during the transition period. During the transition period, only the cost-shift amounts should be changing hands between PTOs. After the transition period, there may be a requirement to describe how the ISO Grid HV Access Charge revenues would be collected and disbursed from PTOs.	The "cost-shift" is a component of the High Voltage Access Charge (Transition Charge). This section is required to establish how the ISO will disburse the revenues it collects to the PTOs.
Edison	7.1.3 - Cost-Shift payments to the ISO and disbursements by the ISO are made either monthly or quarterly.	Change made
Edison	7.1.4.1 - Wheeling Access Charge for "high voltage" Scheduling Points contained within a single TAC Area will be the High Voltage Access Charge for the TAC Area; wholesale entities taking service over "low voltage" Scheduling Points will also pay the applicable Low Voltage Access Charge.	Already included in this section.
Edison	7.1.4.1 - It should be clear that a PTO's TRR used to calculate HV Wheeling Rates is the same TRR to be used by the PTO to develop retail rates.	The ISO is not a regulatory agency and can not determine retail rates. Change not made

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CMUA	7.1.4.1 - Since Existing Rights by definition are held by non-PTOs, use of this term in this section appears incorrect.	Change made
Edison	7.1.4.3.2 - All PTOs at Scheduling Point are not in the Same TAC Area: The disbursement will first be determined for each TAC Area by calculating the % impact each TAC Area contributes to the total Wheeling rate that generated the revenues (Individual ownership % and individual rate) and then allocating the TAC Area total to the PTOs on the revenue requirement (TRR) (depending on whether the Wheeling is at a High Voltage or Low Voltage Scheduling Point) to the sum of all PTOs' TRR (High Voltage or Low Voltage, as applicable) in that TAC Area.	Change made
CMUA	7.1.4.3.2 - Since Existing Rights by definition are held by non-PTOs, use of this term in this section appears incorrect.	Change made
CMUA	7.1.5 - This section treats Local Publicly Owned Electric Utilities differently from other PTOs in that it inserts the Revenue Review Panel into retail ratemaking issues of those entities. This new language is unsupportable and unnecessary, and raises a host of legal and equitable issues that are not properly treated in a FERC-filed rate schedule. This language should be deleted.	Change made
Edison	7.1.5 - Revise the first sentence as follows: The Access Charge for unbundled retail transmission service provided to End-Users by a FERC-jurisdictional electric utility Participating TO shall be determined by the Local Regulatory Authority FERC. For a Local Publicly Owned Electric Utility, such rates shall be submitted to the ISO for review in accordance with Schedule 3 of Appendix F.	Change made
ORA	7.1.6.1 - The text regarding the tracking account is confusing and should be clarified.	Text changes made to clarify.
MWD, CMUA	7.1.6.1 - As revised is very confusing, and it's not clear why it's being amended since the changes aren't driven by the new TAC methodology.	Changes have been made to this section to accommodate text deleted in Section 7.1.6. Text changes made to clarify.

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
Edison	7.1.6.1 - There is inadequate reflection in the Tariff of the implications of the AB 1890 requirement for a tracking account to record any cost-shift during the rate freeze, to be collected and paid upon termination of the rate freeze of all three existing PTOs. This Section should be expanded to clarify that there will be no implementation of cost-shifting transfer payments during the rate freeze period.	Text changes made to clarify
CAC/EPUC	7.3.2 - Insert "for Billed Load" after "metered Demand".	Demand is capacity based whereas Load is energy based, change is inconsistent with the context of the sentence. Change not made
CAC/EPUC	8.6 - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made
DWR, CMUA	8.6 - In order to guarantee the protections described in the "hold harmless" provisions for PTOs that convert contracts, the ISO Tariff must identify a specific date as the baseline for calculating the initial rates paid by entities to which the Tariff's "hold harmless" protections will be applied.	The hold harmless calculation will change annually based on the changes in the Access Charge and the GMC, but will be based on what the PTO would have paid if it had not joined versus what it is required to pay because it did join. Change not made.
DWR	8.6 - Benefits received by a New PTO should be counted in the same year as any costs paid by the PTO.	This is not practical as the amount of various items that impact the TRR, including FTR auction revenue, Usage Charges and FERC approved rates will change during the year, and could be retroactively refunded, a balancing account mechanism has been included to handle this. Change not made.
MWD	8.6 - The last sentence of Tariff Section 8.6 is confusing. How do new PTOs contribute to the Original PTO's payment responsibility under the section?	Change made
SMUD, DWR, MWD	9.4.3 - Change in FTR language to "commensurate" with rights is too vague and should be spelled out in more detail. Priority of rights should be retained. SMUD supports the concept Western Area Power Administration is trying to accomplish regarding preservation of senior rights on the PACI. DWR supports PG&E's proposal that FTRs for ETCs would receive congestion revenues only in connection with actual schedules.	Agreement could not be reached regarding the amount of FTRs for Existing Contracts, so the proposal now reflects the ability to negotiate the FTRs at the time the TCA is executed. The language is intentionally vague to allow for flexibility on both sides in that negotiation. Change not made.

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
MWD	9.4.3 - The following should replace the second sentence: The amount of FTRs will be determined when the TCA is executed and shall be commensurate with the firmness, priority, and amount of the transmission capacity the New Participating TO turns over to ISO Operational Control.	Agreement could not be reached regarding the amount of FTRs for Existing Contracts, so the proposal now reflects the ability to negotiate the FTRs at the time the TCA is executed. The language is intentionally vague to allow for flexibility on both sides in that negotiation. The proposed language is too precise and does not allow for flexibility on both sides of the negotiation. Change not made.
SMUD, LADWP, CMUA	9.4.3 - Language regarding the choice of Government Entities to auction or not to auction their FTRs should be restored. Language regarding the right of Governmental Entities to pay usage charges with congestion revenue prior to crediting their TRBAA should be restored.	All benefits and obligations previously discussed were deleted from the proposed Tariff to allow for flexibility on both sides in that negotiation. Change not made.
Redding	9.4.3 - All revenue from the sale of FTRs or collection of Usage charges will be retained by the New PTO during the 10-year transition period or until its transmission contract rights terminate, whichever comes first.	All benefits and obligations previously discussed were deleted from the proposed Tariff to allow for flexibility on both sides in that negotiation. Change not made.
CCSF, MWD, CMUA Palo Alto, Redding, TANC	9.4.3 - A major deficiency in the current proposal is the ten year limitation for which Firm Transmission Rights (FTRs) will be issued to protect new PTOs from the paying congestion fees (usage charges) when it relinquishes its rights to firm, fixed price transmission by becoming a new PTO. CCSF and Palo Alto believes the time period for which a new PTO is awarded FTRs should terminate on the earlier of termination of the Existing Contract or fifteen years, not ten years. MWD and Redding believe the time period should be the duration of the Existing Contract.	All concepts regarding conversion of Existing Contracts, including FTRs, has been deleted from the Tariff to allow negotiation at the time the TCA is executed. Change not made
CCSF, Palo Alto	9.4.3 - The tariff should clarify that FTRs will be issued over any future active inter-zonal interface that may be created, not just those that may exist as of the date the new PTO becomes effective.	Instead of trying to speculate a solution at this time, Management believes it would be better to resolve the concern of the impact of Existing Contract FTRs on future zones when it materializes. Change not made.

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
PG&E	9.4.3 - PG&E does not object to addressing the FTR conversion ratio at the time a government entity expresses interest in becoming a new PTO. However, under no circumstance can PG&E support a conversion ratio greater than a one FTR for one unit of firm transmission capacity. Prior to restructuring, PG&E's rights were among the firmest of transmission rights and were converted at a ratio of one for one; government entities should not receive a more favorable conversion ratio than the IOUs. In addition, PG&E suggests that the ISO include tariff language which would restrict government entities from encumbering their transmission rights or facilities between the date a TAC proposal is accepted by FERC and the date of TCA execution.	In the definition of Existing Contracts, text is already included that limits Existing Contracts to those "in existence on the ISO Operations Date..." We believe this covers your concern. Change not made
CMUA	11.2.9.1 - CMUA understands that the number provided in this section is supposed to be a cap that provides some assurance that cost exposure in this charge area could not substantially alter the overall economics of any package compromise. The language as drafted by the ISO appears to allow the ISO to remove the cap by ISO Governing Board action. Any new PTO examining this provision could fairly feel like they were playing the part of Charlie Brown as place kicker, with the ISO assuming the role of Lucy as holder for the kickoff.	Management is trying to be responsive to a concern raised regarding the uncertainty of the Neutrality Charge. We are proposing a ceiling, but need the ability to justify to the Board an increase in such charge if there are insufficient funds.
SMUD	11.2.9.1 - Language regarding the cap on neutrality needs to include all other fees not otherwise addressed and should not be open to change by the ISO Board.	Management is not willing to propose including "all other fees". The Market Participants should be paying on a comparable basis except where specific negotiations have resulted in ceilings, exemptions or limitations. We are proposing a ceiling on neutrality, but need the ability to justify to the Board an increase in such charge if there are insufficient funds. Change not made

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
MWD	11.2.9.1 - Section 11.2.9.1 describes a limit for the neutrality charge at \$0.095/MWH to billed Loads in the ISO control area and total exports which limit is subject to change with ISO Governing Board approval. Yet in the "End User's Compromise Proposal" that was distributed with the February 22, 2000 ISO TAC Tariff, it states all scheduling coordinators would have neutrality limited to \$0.095/MWH if all Governmental Entities join. It would appear the ISO could under collect this amount if few or no Governmental Entities join. If the proposed cap does not provide sufficient funds for payment of the neutrality, where does the ISO obtain the balance of the required funds?	Management is trying to be responsive to a concern raised regarding the uncertainty of the Neutrality Charge. We are proposing a ceiling, but need the ability to justify to the Board an increase in such charge if there are insufficient funds.
CAC/EPUC	11.2.9.1 - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made
CAC/EPUC	Definition of Access Charge - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made
SMUD	Definition of Access Charge - This should apply to PTOs not UDCs or MSSs.	With the ISO's structure of PTOs and UDCs, it's the UDC that is the ISO's transmission customer. The PTOs are transmission providers and not transmission customers; therefore the ISO should be billing UDCs or MSSs and not PTOs. We also believe that a UDC that resells transmission service it purchases from the ISO to its customers should be better able to recovery the cost it incurs. Change not made.
MWD	Definition of Billed Load Add to the Master Definitions	Term changed to Gross Load and added to Master Definitions. Change made

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
CAC/EPUC	<p>Define Billed Load as follows: A Participating TO's Billed Load shall mean all Energy (adjusted for distribution losses) delivered for the supply of Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS, and any Energy provided by Scheduling Coordinators for the supply of Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS. Billed Load shall exclude the portion of a UDC, MSS or Scheduling Coordinator Load that is served pursuant to Section 218 of the California Public Utilities Code by a qualifying small power production facility or qualifying cogeneration facility, as those terms are used in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978, 18 C.F.R. Part 292. Billed Load forecasts consistent with filed TRR will be provided by each Participating TO. <i>[Note: Redline against previous proposal included in Appendix F, Schedule 3, Section 3.2]</i></p>	This definition is inconsistent with the Board proposal. Change not made
MWD	<p>Definition of Converted Rights Revised to reference section 2.4.4.3 rather than section 2.4.4.2 of the ISO Tariff. Section 2.4.4.2.1 does not define Converted Rights, but rather refers to Section 2.4.4.3 for a description.</p>	<p>Section 2.4.4.2.1 does define Converted Rights versus other Existing Contract rights and Section 2.4.4.2 describes how Converted Rights work. The definition is changed as follows: Those transmission service rights as defined in Section 2.4.4.2.1 <u>and described in Section 2.4.4.3</u> of the ISO Tariff.</p>
Edison	<p>Add definition for FERC Seven Factor Test as follows: The test FERC uses to determine whether facilities are distribution or transmission facilities and which is specified in FERC's Order 888, Appendix G, and which entails seven factors.</p>	<p>The Seven Factor Test only determines the difference between transmission and distribution. The Tariff's use of "FERC's functional criteria" needs to be flexible enough to accommodate future changes by FERC. The proposed definition is too restrictive. Additionally, the term is not used in the Tariff. Change not made</p>
Edison, PG&E	<p>Add definition for High Voltage Standby Transmission Revenues as follows: The transmission revenues that a PTO collects directly from its retail Standby Service Customers through a High-Voltage Transmission Standby Rate.</p>	Change made in Appendix F

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
SMUD, CMUA	Definition of High Voltage Transmission Facilities - The inclusion of "supporting facilities" language in the description of 200kV facilities to be included in the ISO Grid is a step backwards. This could be interpreted as allowing the PG&E 69 kV system in the ISO Grid which SMUD opposes as it is a local transmission system. This language should be stricken	The concern that was raised that justified the inclusion of "supporting facilities" is that, as an example, the cost of a 230/138 kV transformer, how is it accounted for? High voltage facilities or low voltage facilities? The initial split by PG&E between High Voltage and Low Voltage will have to be approved by FERC, so any concerns that arise can be addressed then. Change not made.
Edison, PG&E	Add definition of High Voltage Transmission Standby Rate as follows: A rate assessed by a PTO for High-Voltage transmission standby service.	Change made in Appendix F
Edison, PG&E	Add definition of High Voltage Transmission Standby Service as follows: Service which allows a Standby Service Customer to utilize the high-voltage ISO transmission grid as a backup to ensure that energy may be reliably delivered to that customer in the event of an outage of a generator located behind that standby customer's retail meter.	Change made in Appendix F
ORA	Definition of ISO Home Page Delete the reference to "/iso", the home page is at www.caiso.com	Change made
SMUD	Definition of Metered Subsystem - Being a PTO should not be one of the requirements.	A MSS was created to facilitate vertically integrated utilities in the ISO's structure. Allowing this for New PTOs is part of the compromise proposal. Change not made
CMUA	Definition of Metered Subsystem - The ISO should clarify that potential MSSs need not be in the old PTO Control Areas, otherwise three CMUA members could not be defined as MSSs, even though they may meet the requirements contained in the Tariff.	There is no reference in the definition to the "old PTO Control Areas". However, MSS's must be in the ISO Control Area to be a MSS. Change not made

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
CAC/EPUC	Define Qualifying Facility as follows: Load served by qualifying facility energy that is generated on or distributed by the qualifying facility generator through private property or over distribution facilities that are dedicated to the qualifying facility through either an arrangement with the UDC in whose service territory the qualifying facility is located, or another entity that provides distribution level service, solely for its own use or the use of its tenants or two other corporations located on the real property on which the electricity is generated or on immediately adjacent real property and not for sale or transmission to others.	Term not used in the Tariff, definition not required. Change not made
DWR	Add definition for Participating Contract Rightsholder (PCR) - A definition should be added to recognize entities that do not own and operate physical transmission facilities but which become ISO participants by converting Existing Contracts Rights. For purposes of FTR allocation, allocation of Usage Charge revenues and related entitlements and obligations, PCRs would not calculate a Transmission Revenue Requirement nor recover any costs through a TAC.	A new definition is not needed as the entity described meets the definition of a Participating Transmission Owner. Concerns with not physically owning and operating transmission can be addressed in the TCA. Change not made.
Edison, PG&E	Add definition for Standby Service Customer A retail customer of a PTO which normally serves part or all of its electrical requirements from a generator located behind the retail meter which records the electrical load of the customer delivered by the PTO and upon which the retail electric bill of that customer is calculated.	Change made

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
Edison	<p>Definition of TRR - revise as follows The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements <u>meeting the FERC Seven Factor Test and turned over to the Operational Control of the ISO by a Participating TO that has transmission customers. <u>The costs of any transmission facility meeting the FERC Seven Factor Test and turned over to the Operational Control of the ISO shall be fully included in the PTO's TRR.</u></u> The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits (through the TRBA mechanism) and <u>the transmission revenue received by the PTO from</u> associated with Existing Rights and Converted Rights.</p>	<p>Limiting the transmission facilities to those that "meet the FERC Seven Factor Test" usurp the TCA process, the ISO Governing Board authority and potentially change by FERC. Changes reflecting costs of facilities turned over and revenue received were made.</p>
SMUD	<p>Appendix F, Schedule 1 - Metered Consumption should be replaced with metered Demand, which is calculated at Loads and Scheduling Points (points of interconnection between the ISO Controlled Grid and the transmission systems of non-PTOs).</p>	<p>Demand is the rate at which Energy is delivered to Loads and Scheduling Points (MW) whereas consumption is the amount of Energy serving the Load (MWh) the terms are different and not interchangeable. GMC is calculated based on the GMC rate (\$/MWh) times the consumption. Change not made</p>
Edison	<p>Appendix F, Schedule 3 - This Schedule should be rewritten, utilizing definitions as suggested. SCE believes that this Section is internally inconsistent and in places uses circular references. Starting over with a clear set of definitions should result in Tariff language that is clear and unambiguously implements the agreed upon principles</p>	<p>Clarifying changes made</p>
Edison	<p>Appendix F, Schedule 3 - The term "Base" is already used in another context (Base TRR) in the master definitions list in the ISO Tariff. SCE recommends that for clarity that "Base" not be used in any other term.</p>	<p>The ISO Tariff uses various words linked together to mean different things. Using "Base" in different contexts is no different. Change not made</p>

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
Anaheim	Appendix F, Schedule 3, Section 2.1 - Each TAC Area only includes the Service Area of an entity listed in §2.3-2.5 whereas other parts of the proposed tariff revisions appropriately contemplate that entities may not all apply for PTO status at the same time or even on or before the effective date of the Schedule. The Cities have not necessarily identified all problems with the draft tariff language, but the issues noted above make it impossible to understand in detail and with any certainty how the proposed transition scheme will be applied	Clarifying change made
CMUA	Appendix F, Schedule 3, Section 2.7 - The ISO provides no justification for culling the Imperial Irrigation District out of the state of California, and requests that this language be deleted.	To the contrary, by not including IID here they would not be included in the proposal as they are currently their own control area. Change not made
Edison	Appendix F, Schedule 3, Section 3 - The costs of any facilities meeting the seven-factor test and accepted for inclusion in the ISO Grid through the process described above, shall be fully included in the transmission revenue requirements and rates of a PTO.	The Tariff allows that all approved Transmission Revenue Requirements are included in the Base High Voltage Transmission Charge. Change made to definition of TRR
Edison, PG&E	Appendix F, Schedule 3, Section 3(a) - Revise the section as follows: The Base High Voltage Transmission Charge is the amount calculated by dividing the sum of the High Voltage Transmission Revenue Requirements of all Participating TOs in the TAC area, <u>less the sum of Standby Transmission Revenues of all Participating TOs in the TAC Area</u> by the total of all forecasted billed Load in the TAC Area, including Metered Subsystems (MSS), subject to adjustment in accordance with Section 4 below. Billed Load forecasts, that are consistent with each Participating TO's filed Transmission Revenue Requirement, will be determined by the ISO based on information provided by Participating TOs. The High Voltage Transmission Revenue Requirement deducts Transmission Revenue Credits.	Change made
CAC/EPUC	Appendix F, Schedule 3, Section 3(a) - Capitalize the term "billed" before Load, twice.	Term changed to Gross Load Change made

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
Enron	Appendix F, Schedule 3, Section 3.1(a) - Including Existing Contract Costs in the PTO's Revenue Requirement Has Been Litigated and Awaits a FERC Order - We will oppose your new changes to Section 3.1 (a). We litigated this issue in the IOUs' TO Tariff case. The ALJ decision agreed with Enron and said that these costs could not be recovered through the TRBAA. At this moment I cannot recall if the ALJ also addressed Enron's further point that these costs are between the parties to the contract and cannot be passed along to others. Nonetheless, this issue awaits a FERC order. It is inappropriate to file this language when this has already been litigated.	The ALJs opinion, which has not been approved by the Commission, addressed the cost of Existing Contracts and their pass through the TRBA, not the revenue associated with Existing Contracts which is addressed in this section of the Tariff. This revenue from Converted Rights benefits the entire marketplace by reduce the PTOs TRR. In Florida Power Agency v. Florida Power & Light Company, 74 FERC P 61,006 (1996), the Commission stated that credits may be appropriate for facilities that will operate as part of the integrated transmission system. Change not made.
Anaheim	Appendix F, Schedule 3, Section 3 and 4.2 - the formula for calculating the High Voltage Access Charge is incomprehensible	Clarifying change made
Edison	Appendix F, Schedule 3, Section 3.1 - 1) There is no basis for specifying the criteria for determining the Transmission Revenue Requirements of a FERC-jurisdictional PTO. FERC determines such procedures. 2) For non-FERC-jurisdictional PTOs, if there are any procedures that would apply to them, such procedures should be included in the ISO Tariff, not simply posted on the ISO home page.	1)This is consistent with FERC's just and reasonable criteria. 2) The ISO's policy is to post procedures on the web and not encumber the Tariff. Change not made.

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
ORA	<p>Appendix F, Schedule 3, Section 3.2 -</p> <p>1) Change the term Gross Load to Billed Load</p> <p>2) Change the text as follows: <i>"A Participating TO's gross <u>Billed</u> Load shall mean all Energy (adjusted for distribution losses) delivered for the supply of Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS, and any Energy provided by Scheduling Coordinators for the supply of Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS. Gross Billed Load forecasts consistent with filed TRR will be provided by each Participating TO. <u>Billed Load shall exclude the portion of the load of an individual retail customer of a UDC or MSS that is served by generation located behind-the-meter on the customer's site, whether the customer is interconnected at the distribution or transmission level.</u>"</i></p>	<p>February 22 Draft:</p> <p>1) The term is going to be Gross Load for clarity of the Tariff's intention.</p> <p>2) Changes were made to the definition similar to those requested and expanded based on additional Board discussion.</p>

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
CAC/EPUC, IEP	<p>Appendix F, Schedule 3, Section 3.2 - Change the text as follows: Billed Load. A Participating TO's Billed Load shall mean all Energy (adjusted for distribution losses) delivered for the supply of Loads directly connected to the transmission facilities or Distribution System of the UDC <u>or</u> MSS, and any Energy provided by Scheduling Coordinators for the supply of Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS. Billed Load shall exclude the portion of the Load of an individual retail customer of a UDC, MSS, or Scheduling Coordinator Load that is served by a Generating Unit that is: (a) located on the customer's site or served through existing over the fence arrangements as authorized by pursuant to Section 218 of the California Public Utilities Code by a qualifying ; (b) is a small power production facility producer or qualifying cogeneration facility, as those terms are defined used in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978, 18 C.F.R. Part 292. ; (c) was serving the customer's Load on the ISO Operations Date; and (d) is a party to an Existing Contract that remains in force, pursuant to which the owner of the Generating Unit compensates the Participating TO to which it is directly or indirectly connected for the embedded costs of the transmission facilities turned over to the ISO's Operational Control. Billed Load forecasts consistent with filed TRR will be provided by each Participating TO.</p>	<p>The deletions allow for expansion of the exemption to future qualifying facilities, existing qualifying facilities that decide to increase their load, and qualifying facilities that are no longer under an Existing QF Contract. This contradicts the Board's proposal and would defeat the intention of moving all of California's electricity users to the restructured industry. However, text was added to the Tariff such that if a Load was already paying for standby service from the UDC, such Load would not be paying twice. Change not made</p>
CMUA	<p>Appendix F, Schedule 3, Section 3.2 - This provides net billing of the GMC and Access Charge for retail load entities with on-site generation or existing contracts under Section 218 of the Public utility Code. This should be extended to net load behind the MSS meter which does not utilize the ISO Controlled Grid.</p>	<p>This is inconsistent with the compromise proposal. Change not made</p>

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
MWD, Edison	Appendix F, Schedule 3, Section 4 - It's not clear whether Section 4, Schedule F establishes a single ten-year transition which is triggered for all TAC Areas upon a new PTO joining a single TAC area, or if each TAC Area has a separate ten-year transition period. (We think the latter is intended but additional language to clarify would be helpful, since the current text is ambiguous.) Additional text would be helpful to clarify what happens when a new PTO joins a TAC area after the TAC area transition period has already begun (i.e., if a new PTO joins in year 4, then it is our understanding then that PTO in its first year, would have 40% of its High Voltage Facilities Charge allocated to ISO grid wide).	Clarifying change made
CAC/EPUC	Appendix F, Schedule 3, Section 4.1(a), (b) and (c) - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made
Edison	Appendix F, Schedule 3, Section 4.1(a) - Capital additions to an existing facility should not be separately identified as a "new" facility.	This conflicts with the negotiated compromise. Change not made
Edison, PG&E	Appendix F, Schedule 3, Section 4.1(a)(ii)(1) modify the section as follows: the sum of the portions of the High Voltage Transmission Revenue Requirements of all Participating TOs allocable to Existing High Voltage Transmission Facilities, <u>less the sum of Standby Transmission Revenues of all Participating TOs</u> ; by	Change made
Edison, PG&E	Appendix F, Schedule 3, Section 4.1(c) - modify the section as follows: After the completion of the transition period applicable to a TAC Area, the High Voltage Access Charge for all such TAC Areas shall be equal to the sum of the High Voltage Transmission Revenue Requirements of all Participating TOs, <u>less the sum of Standby Transmission Revenues of all Participating TOs</u> , divided by the sum of the billed Loads of all Participating TOs.	

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
Edison	Appendix F, Schedule 3, Section 4.2 The principle that PTOs which receive a cost-shift benefit should apply such benefit to “mitigate”, or buy-down, their TRR is a principle which requires more specific detail on how such cost-shift benefits would be used to reduce the TRR, and how the accounting would work to ensure a TRR reduction.	Details of accounting procedures will be included in a procedure. Clarifying changes made
CAC/EPUC	Appendix F, Schedule 3, Section 4.2 (a)- Insert "Billed" before Load, twice	Term changed to Gross Load Change made
Enron	Appendix F, Schedule 3, Section 4.2 (b) - We reviewed the numbers and found we had miscalculated the effect of the cost shift on Enron. Although the total cost shift is lower than we originally estimated, it is still significant. Enron and other ESPs who signed contracts covering the customer's risk for the entire bill amount (such as PGEES) will suffer a direct financial hit from the proposed "phase-in". To mitigate this, we propose that the utility cost requirement begin at a total of \$20 million or lower and rise gradually to \$75 million as of the tenth year. This achieves your goal of an added revenue requirement of \$75 million for the utilities at the end of the ten-year transition period. It also mitigates the financial hit to ESPs. Unless the cost shift is mitigated, we will have to protest it at FERC.	As seen by the various proposals the amount of mitigation has varied from none (utility-specific) to the compromise of \$72 million. It is at the compromise level that the End-User's are currently supporting. It should be noted, that the default methodology could result in cost-shifts substantially higher than the amount proposed. Change not made.
Edison, PG&E	Appendix F, Schedule 3, Section 4.2(d) - Add the following section: Payment of cost-shift amounts to the ISO described in this Schedule 3 are just and reasonable expenditures for PTOs. If a regulatory authority with jurisdiction over transmission cost recovery by PTOs determines that all or any portion of a cost shift to an Original PTO, as described in this Schedule 3, is not fully allowable in transmission rates for recovery from customers of that PTO, then that PTO will not be required to pay any cost-shift amount not allowed to be included in its rates. A PTO with a cost-shift responsibility may, if it desires, recover its cost-shift amount through a surcharge to its transmission rates and a balancing account mechanism.	The ISO does not have regulatory authority and therefore can not all the proposed section. But similar text will be added to the ISO's transmittal letter for the Access Charge filing. Change made elsewhere

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
PG&E	<p>Appendix F, Schedule 3, Section 4.6 - should reinstate the original proposal of review</p> <p>4.6 Review of Impact of New Participating TOs</p> <p>Three years after the transition date defined in Section 4.3, the ISO Board shall evaluate whether the realized benefits of participation in the ISO by New Participating TOs have equaled or exceeded the increase in High Voltage Access Charge responsibility applicable to Original Participating TOs under Section 4.2(b). If the ISO Board determines that the realized benefits have not equaled or exceeded the increased costs to Original Participating TOs under Section 4.2(b), the ISO Board shall authorized the submission to FERC for approval in accordance with Section 19 a proposal to decrease the High Voltage Access Charge responsibility of Original Participating TOs under Section 4.2(b) to a level that is no greater than the realized benefits of participation in the ISO by new Participating TOs. Nothing in this Section 4.6 is intended to limit the rights of the ISO to propose modifications to the ISO Tariff in accordance with Section 19.</p>	<p>The proposal was withdrawn based on discussion with the Board.</p> <p>Change not made</p>
CMUA	<p>Appendix F, Schedule 3, Section 5 -</p> <p>The ISO Tariff uses the term "accepted," in this provision. However, it does not specify how any refunds ordered by FERC pursuant to rates "accepted subject to refund" will be flowed back to transmission customers.</p>	<p>Change made</p>
Edison	<p>Appendix F, Schedule 3, Sections 5 & 6 -</p> <p>It should be recognized that sales would be updated for a FERC-jurisdictional PTO only when authorized by FERC, concurrent with a change in that PTO's authorized TRR.</p>	<p>So noted. This concept is included in Section 6.</p>
CAC/EPUC	<p>Appendix F, Schedule 3, Section 6(a) -</p> <p>Capitalize the term "billed" before Load.</p>	<p>Term changed to Gross Load</p> <p>Change made</p>
MWD	<p>Appendix F, Schedule 3, Section 6(a) -</p> <p>For Non-Jurisdictional submittals the ISO will "publish such submission on the ISO Home Page". However, there is no apparent reciprocal provision for FERC Jurisdictional entities. The ISO should facilitate comparable ease of access to such information by posting it on its website.</p>	<p>All FERC Jurisdictional filings are already posted on RIMS at the FERC Home Page, duplicating this on the ISO's Home Page seems to needlessly add more volume to the ISO's Home Page.</p> <p>Change not made.</p>

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
PG&E	<p>Appendix F, Schedule 3, Section 6(a) and (b)- Delete section 6(b) and revise 6(a) as follows: <u>All Participating TOs that are FERC jurisdictional will make the appropriate filings at FERC to establish their Transmission Revenue Requirements for their Low Voltage Access Charges and the applicable High Voltage Access Charges, and to obtain approval of any changes thereto. All such filings with the FERC will include appropriate billed Load data and other information required by the FERC to support the Access Charges. The Participating TO will provide a copy of its filing to the ISO. The Transmission Revenue Requirement for new Participating TOs shall be submitted in a format and supported by the information that substantially follows the FERC requirement for Transmission Revenue Requirement submissions under Section 205 of the Federal Power Act and the FERC regulations propounded thereunder or reconciles major differences in format.</u></p>	<p>Because the Governmental Entities are not FERC jurisdictional, the ISO can not requirement them to be FERC jurisdictional. The Revenue Review Panel is proposed to be an independent body that reviews the rates and approves what is included in the High Voltage Access Charge. The process would be similar to FERC review including "discovery" whereby questions can be raised and answered in a public process. Change not made.</p>
CPUC	<p>Appendix F, Schedule 3, Section 6(b) - The FERC should be the decisionmaker that determines the justness and reasonableness of the ISO's charges. The ISO's rates and charges, including the passthrough of a portion of a New PTO's revenue requirement to other PTOs and their ratepayers, must be subject to FERC review. The proposed Revenue Review Panel does not allow for the lawful and due process rights of parties effected by the rolling in of the revenue requirement of a New PTO High Voltage Transmission Revenue Requirement.</p>	<p>Because the Governmental Entities are not FERC jurisdictional, the ISO can not requirement them to be jurisdictional. The Revenue Review Panel is proposed to be an independent body that reviews the rates and approves what is included in the High Voltage Access Charge. The process would be similar to FERC review including "discovery" whereby questions can be raised and answered in a public process. Change not made.</p>
Edison	<p>Appendix F, Schedule 3, Section 6(b) - Revenue Requirements Panel provides an inadequate standard of review of transmission revenue requirements for non-FERC jurisdictional entities. Entities that wish to become PTOs and share their costs with FERC jurisdictional PTOs should be held to an equivalent standard of review as FERC jurisdictional PTOs. In any case, if there is to be a Panel, its functions and actions should be explicitly incorporated into the ISO Tariff.</p>	<p>Because the Governmental Entities are not FERC jurisdictional, the ISO can not requirement them to be jurisdictional. The Revenue Review Panel is proposed to be an independent body that reviews the rates and approves what is included in the High Voltage Access Charge. The process would be similar to FERC review including "discovery" whereby questions can be raised and answered in a public process. Change not made.</p>

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
SMUD	Appendix F, Schedule 3, Section 6(b) - Expanded review of Government Entity rates by the ISO Board is also problematic. This step should be a cursory review for gross error; not a proxy for FERC jurisdiction.	Because the High Voltage Access Charge will be assessed to most Loads in California, the Revenue Review Panel must review the Transmission Revenue Requirement of all PTOs who are not jurisdictional to validate the components of the ISO's rate. Change not made
Roseville	<p>Appendix F, Schedule 3, Section 6(b) - Under current law, the City of Roseville has the authority to determine its own transmission revenue requirements, and also has the responsibility to collect these revenue requirements from its ratepayers. These revenue requirements are determined at a public hearing which is publicly noticed and is open to any interested party. By law, all background information is made available upon request to any individual or organization.</p> <p>The ISO is proposing to modify this process by giving final authority to set Roseville Electric's transmission revenue requirement to a Revenue Review Panel, which has yet to be specified and which could be altered by the ISO Board at any time. If the ISO would transfer final authority for determining Roseville Electric's transmission revenue requirement to the ISO then a parallel transfer of associated responsibilities for collecting the rate should be transferred.</p>	The Revenue Review Panel is only determining the Transmission Revenue Requirement that will be included in the ISO's High Voltage Access Charge. The ISO has no intention of developing or setting retail rates, each PTO must still perform this function. Prior to a New PTO executing the TCA, an initial determination of TRR will be done so that the New PTO will know prior to executing the TCA what revenue requirement is acceptable.

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
CMUA, TANC	Appendix F, Schedule 3, Section 6(b) - CMUA is concerned about any proposal that provides binding outside determination of the justness and reasonableness of the revenue requirement of publicly-owned transmission owners. ISO Governing Board and stakeholder discussion on this issue has focused on the fact that CMUA members and other Governmental Entities are not FERC-jurisdictional. Just as importantly, CMUA members are non-profit entities that would have to pass along, to its customers, costs that the Revenue Review Panel disallows. That is the underlying rationale behind the reason why customer-owned utilities are self-regulating, and why review of their rates is done through preexisting public processes, i.e. review of municipal governing body rate determinations through the California courts. Empowering an unknown, three-person panel with authority in this matter will have a substantial chilling effect on ISO participation by Governmental Entities.	Because the High Voltage Access Charge will be assessed to most Loads in California, the Revenue Review Panel must review the Transmission Revenue Requirement of all PTOs who are not jurisdictional to validate the components of the ISO's rate. Change not made
LADWP	Appendix F, Schedule 3, Section 6(b) - During the TCA application process a requirement that the TO submit to the ISO proposed transmission revenue requirement for all High Voltage Transmission Facilities and allow the Revenue Review Panel to review the rates prior to execution of the TCA.	It is the ISO's intention to do just that. Section 2.2.1(x) of the TCA allows the ISO to request any other information the ISO may reasonably required and subsection (vii) provides for submittal of the TO Tariff. This will establish the initial TRR, but subsequent changes to the TRR would need to be reviewed by the Revenue Review Panel.
MWD	Appendix F, Schedule 3, Section 6(b) - It is not clear how disputes from the Revenue Review Panel decisions reconcile with the Tariff's ADR procedure.	Text clarified, the decision of the Panel is final and is not subject to further review under the Tariff's ADR procedure. Change made

Summary of Requested Stakeholder Tariff Changes

Requestor	Change Requested	Current Status
WAPA	Appendix F, Schedule 3, Section 6 - Add another subsection as follows: Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their High Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations. The procedures for public participation in a federal power marketing agency's ratemaking process are posted on the federal power marketing agency's website. The federal power marketing agency's shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's High Voltage Transmission Revenue Requirement.	Change made
MWD	Appendix F, Schedule 3, Section 7(a) & (b), definition of Existing Regional Transmission Facility - The term "New Transmission Facility" should be "New Regional Transmission Facility"	Change made
Edison	Appendix F, Schedule 3, Section 7 Definitions should be included in Master Definitions	Definitions that are only used in a Appendix or Protocol, are only included in that document. Definitions used in the Tariff or used in the Tariff and Protocols or Appendices are included in the Master Definitions. Appropriate changes made.
CAC/EPUC	Appendix F, Schedule 3, Section 7, definition of TAC Benefit - Insert "Billed" before Load.	Term changed to Gross Load Change made
MWD	Appendix F, Schedule 3, Section 7, definition of TAC Benefit - ",or directly served by," should be inserted between "Loads in the Service Area of" and "the Participating TO"	Change made.
Edison	Appendix H The reference to "Participating TO" in the definition of Pn is unnecessary, since the Wheeling Charge will be for a TAC Area.	Reference to Participating TO is still needed until the Transition Date. Change not made
CAC/EPUC	SABP3.1(k) - Capitalize the term "billed" before Load.	Term changed to Gross Load Change made

Summary of Requested Stakeholder Tariff Changes

<i>Requestor</i>	<i>Change Requested</i>	<i>Current Status</i>
Edison	SABP3.1(k) - Delete the references to UDCs, MSSs, and SCs and instead use the term PTOs, since it is the PTOs that are responsible for the Access Charge payment associated with Billed Load.	As previously discussed, the PTO is the transmission provider not the transmission customer. Change not made
Edison	SABP Appendix F, Section 2.2 - This Section should make explicit that revenues associated with low-voltage wheeling will be distributed to the PTO providing the service, and upon whose low-voltage TRR the low voltage rate is based.	Change made
MWD	SP 7.2.2 - Describing prioritization of transmission uses, does not reflect the latest revision of Tariff language due to FERC's acceptance of ISO Tariff Amendment 22. As an example, the term Adjustment Bids was replaced in Amendment 22 with contract usage templates. The ISO should compare the protocol text to ensure the terminology conforms with recent Tariff changes.	Change made