

August 1, 2011

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

**Re: California Independent System Operator Corporation
Docket No. ER11-____-000
Settlements Process Timeline Changes**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) hereby submits for filing proposed amendments to its tariff to implement changes to the market settlement process timeline.¹ The proposed tariff modifications will accelerate and improve the efficiency of the existing settlement process by implementing five enhancements, which will:

- 1) Shorten the time periods between issuance of settlement statements to achieve earlier market settlement;
- 2) Introduce an unscheduled reissue recalculation settlement statement to allow the ISO to more quickly correct system errors that have a significant financial impact on the market;
- 3) Extend the timeline for market participants to submit settlement quality meter data to allow preparation of more accurate data and reduce the need for later adjustments to reflect meter data revisions;

¹ This filing is submitted pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 842d and 18 C.F.R. § 35.15

- 4) Revise the penalty for submitting untimely and inaccurate meter data to encourage earlier submission of correct data; and
- 5) Align the billing periods of the weekly invoices for the settlement statements issued three business days after the trading day (“T+3B”) and twelve days after the trading day (“T+12B”) to include the same trading days for easier review and validation by stakeholders.²

The proposed tariff modifications are the product of a collaborative stakeholder initiative and will result in a more efficient and accurate overall settlement process. The changes are complementary with the tariff revisions the ISO submitted on June 30, 2011 in Docket No. ER11-3973-000 to comply with the requirements in Commission Order No. 741 to establish a settlement cycle with a billing period of no more than seven days and a settlement period of no more than seven days after issuance of bills.³

The ISO proposes an effective date of October 1, 2011 for the tariff modifications proposed in this filing. This date coincides with the effective date of the tariff revisions the ISO submitted in its June 30, 2011 filing to comply with the credit reform requirements of Order No. 741. The tariff changes contained in the compliance filing, in combination with the additional enhancements contained in this companion filing that were outside the scope of the compliance filing, comprise a package of improvements to the settlements process that will provide greater market settlement efficiencies for both the market participants and the ISO. The ISO seeks to deploy all of the changes to the settlement process at the same time, on October 1, 2011.

Attachment B to this transmittal letter shows the revisions to the tariff language that are proposed in this filing in blackline format and shows, for informational purposes, the revisions to the tariff language proposed in the compliance filing in yellow highlight. In combination, these revisions show the tariff language that supports the improvements to the settlements process that will result from both filings.

I. BACKGROUND

A. The California ISO’s Filing To Comply With Order No. 741

² Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff.

³ *Credit Reforms in Organized Wholesale Electric Markets*, Order No. 741, FERC Stats. & Regs ¶ 31,317 (2010), *order on reh’g*, Order No. 741-A, FERC Stats. & Regs ¶ 31,320, *order denying reh’g*, Order No. 741-B, 135 FERC ¶ 61,242 (2011) (“Order No. 741”).

In Order No. 741, the Commission observed that there is a correlation in the wholesale electric markets between reducing the length of the settlement cycle from the date service is provided to the date payment for the service is made and reducing the magnitude of the costs attributable to a financial default by a market participant.⁴ The Commission noted that no correlation exists, however, between the length of the settlement cycles for the independent system operators (“ISOs”) and regional transmission organizations (“RTOs”). Each ISO and RTO has a different length settlement cycle, which results in varying levels of credit risk exposure across the county for participants in the wholesale electric markets.⁵ In order to reduce default risks and decrease the amount of collateral market participants must post, Order No. 741 directed each ISO and RTO to submit a compliance filing by June 30, 2011 that proposed tariff revisions to establish a settlement cycle with a billing period of no more than seven days and settlement period of no more than seven days after issuance of bills.⁶

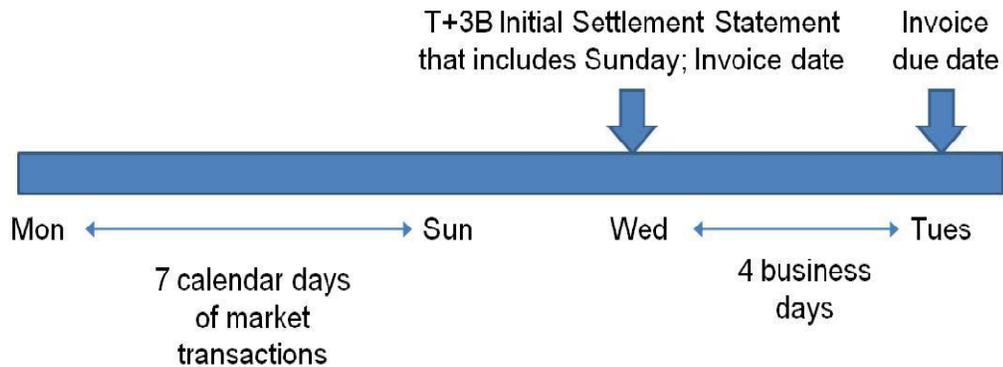
In accordance with the Commission’s directive, the California ISO submitted a compliance filing that proposed a significantly shorter settlement cycle than is currently in place. At present, the ISO publishes a settlement statement seven business days after each trading day (“T+7B”). The settlement statement details transactions and the related charge components (positive and negative) for the trading day. Based on the settlement statements, the ISO issues invoices on a semi-monthly basis. The invoice for the first billing period of the month (first through fifteenth day of the month) is issued seven business days after the end of the period. The invoice for the second billing period of the month (sixteenth through the last day of the month) is issued seven business days after the end of the month. Invoice payments are due to the ISO five business days after the invoice is issued, and the ISO disperses the funds the same day.

The settlement cycle proposed by the ISO in its compliance filing provides for a settlement statement to be issued three business days after each trading day (“T+3B”). The ISO will then aggregate the settlement statements and invoice seven calendar days of market transactions (Monday through Sunday) on the following Wednesday, with payment due on the following Tuesday, four business days after the invoice is issued. The graphic below illustrates the timeline proposed in the ISO’s compliance filing.

⁴ Order No. 741, P. 17.

⁵ *Id.* at P. 16, 18.

⁶ *Id.* at P. 32.



The billing period will consist of seven trading days, Monday through Sunday of each week. The invoice for that weekly billing period will be issued three days later, on the following Wednesday. The average time that the trading days in each weekly billing period will pend before they are invoiced will be six days. For Monday trading days, nine days will lapse prior to invoicing, which is the longest pendency period, while for Sunday trading days, the lapse will be only three days and the Sunday trading days will be invoiced on the same day that their initial settlement statement issues.

Through the compliance filing, the shorter settlement cycle is achieved by implementing four key changes to the ISO's existing billing and invoicing processes. These four changes were developed and designed to work with the settlement process timeline changes proposed in the instant filing.

First, the ISO moved forward issuance of the initial settlement statement from seven business days after the trading day to three business days after the trading day.

Second, the ISO proposed to base the quantity values in initial settlement statement T+3B only on estimated meter data calculated by the ISO. The change to an all-estimated initial settlement statement will expedite preparation and issuance of that statement and the weekly invoice. The ISO will calculate the ISO estimated meter values for the initial settlement statement T+3B using the same overall methodology that is already contained in the tariff, except that the ISO will not estimate unaccounted for energy, the proxy demand response default load adjustment, the rescission of payments for regulation up and regulation down, or the metered subsystem deviation penalty for inclusion on the initial settlement statement. True-up of the ISO estimated meter data to actual settlement quality meter data will occur on the next recalculation settlement statement. To the extent that variances occur between the ISO estimates and subsequently available actual meter values, they will be captured as incremental changes between the initial settlement statement and the subsequent recalculation settlement statements and will be reconciled with interest.

The third significant change from the ISO's existing billing and invoicing processes is that initial settlement statement T+3B will not be disputable. Because that statement will be calculated using ISO estimates of meter values that will be reconciled to actual data on subsequent recalculation settlement statements, and the ISO's post-market data evaluation and correction process will primarily occur between the T+3B and T+12B statements, any calculation differences on the initial settlement statement related to the estimated meter values will be automatically adjusted. There is no need for a separate dispute process to review and correct errors.

Fourth, the compliance filing shortened the period between the date the invoice is issued and the date payment is due from five business days to four business days. The invoices will be published each week on Wednesday and the payment due date will be due four business days later, on the following Tuesday. Use of this structured invoice period is designed to avoid, as much as possible, the invoice date falling on a holiday. If the invoice date should fall on an ISO holiday, the invoice will be issued instead on the next business day and the payment date for the invoice will be due four business days later. Consequently, an invoice published on Thursday will be due the following Wednesday (provided the following Wednesday is not a holiday).

These changes comply with the Commission's directive in Order No. 741 to establish a billing period of no more than seven days and settlement period of no more than seven days after issuance of bills, and will in conjunction with this filing, provide a more efficient and accurate overall settlement process.

B. The Stakeholder Initiative

The ISO initiated a stakeholder process in April 2011 to consider opportunities for improving the settlement process timeline, such as changing the timing for settlement statements to be published and for meter data to be submitted. The settlement process timeline change initiative was undertaken to consider improvements beyond the revisions to shorten the settlement billing and invoice periods that are necessary in order to comply with Order No. 741. The revisions necessary to comply with Order No. 741 were already being developed in the separate credit reform stakeholder process. The stakeholder process for the settlement process timeline changes involved multiple meetings and conference calls with stakeholders, issuance of several white papers discussing the various proposals, and numerous opportunities for stakeholders to provide input into the development of the appropriate improvements. The resulting proposal reflects this collaborative process.⁷

⁷ The complete stakeholder record for this initiative is posted on the ISO's website at <http://www.aiso.com/informed/Pages/StakeholderProcesses/SettlementsProcessTimelineChange.aspx>. This record includes the ISO's Issue Paper and subsequent proposals, comments submitted by stakeholders, presentations at stakeholder meetings, and draft tariff language.

The ISO began the stakeholder process by publishing an Issue Paper on April 26, 2011 that described several ways the settlement process could be improved to increase the accuracy and efficiency of the market settlement. The ISO conducted a stakeholder conference call on May 3, 2011 to discuss the Issue Paper and asked stakeholders to provide written comments on the issues raised. Stakeholders responded with comments that uniformly agreed with advancing the recalculation settlement statement issued thirty-eight days after the trading day (“T+38B”) to twelve business days after the trading day (“T+12B”).

On May 12, 2011, the ISO published a Straw Proposal that, based on the stakeholders’ comments, suggested moving forward publication of recalculation settlement statement T+38B to T+12B, and moving forward the recalculation settlement statement issued seventy-six days after the trading day (“T+76B”) to fifty-five days after the trading day (“T+55B”). The Straw Proposal also suggested adding a new settlement statement nine-months after the trading day (“T+9M”) to allow for adjustments to be made, if needed, between the recalculation settlement statements issued at T+55B and eighteen months after the trading day (“T+18M”). The Straw Proposal additionally suggested adding a new correction settlement statement to resolve an ISO system error with significant financial impact on the market. The Straw Proposal was discussed in a conference call on May 19, 2011 and stakeholders were given the opportunity to file written comments on the Straw Proposal by May 27, 2011. The majority of the stakeholders fully supported the proposed timeline changes⁸ and the new correction settlement statement.⁹

Based on stakeholder input on the Straw Proposal, the ISO issued a Draft Final Proposal in this initiative on June 10, 2011. One significant change in the proposal was a decision to calculate interest on a daily basis throughout the settlements cycle, rather than calculate it for the period from the date the initial invoice was issued to the date that the reconciling invoice is due. This change will facilitate the aggregation of interest charges by month, which was a preference of stakeholders. In addition, in the Draft Final Proposal the ISO opted to change its practice of invoicing settlements transactions as soon as available, and instead proposed to invoice the same billing periods for the T+3B and T+12B settlement statements. Stakeholders preferred to align the billing periods for

⁸ Brookfield Energy Marketing LP (“Brookfield”), Northern California Power Authority (“NCPA”), Pacific Gas & Electric Company (“PG&E”), Pilot Power Goup (“Pilot”), PowerEx Corp. (“Powerex”), San Diego Gas and Electric Company (“SDG&E”), Southern California Edison Company (“SCE”), and Western Area Power Authority – Sierra Nevada Region (“WAPA-SNR”).

⁹ NCPA, PG&E, Pilot, Powerex, SDG&E, SCE, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside (“Six Cities”), Western Area Power Authority – Desert Southwest Region (“WAPA-DSR”), and WAPA-SNR.

these invoices to make review and validation of the charges easier. On June 13, 2011, the ISO issued a Revised Draft Final Proposal that made minor clarifications to the notice requirement for the correction settlement statement and the calculation of the penalty for the untimely submission of meter data.

The ISO held a stakeholder call on June 16, 2011 to review the Revised Draft Final Proposal and received written comments from stakeholders on June 29, 2011. In these comments, most stakeholders expressed support for all major elements of the ISO's proposal, including shortening the timing between the settlement statement publications, adding a correction settlement statement, adjusting the submittal timeline for settlement quality meter data, modifying the sanction under the Rules of Conduct for submitting inaccurate and untimely settlement quality meter data, and aligning the billing periods for purposes of invoicing the T+3B and T+12 B settlement statements.

The settlement process timeline change proposal was presented to the ISO Governing Board on July 14, 2011 and the Board authorized this filing. A copy of the Memorandum to the Board, entitled *Decision on Settlement Process Timeline Change*, is attached to this filing as Attachment D.

The ISO posted draft tariff language for this proposal on July 22, 2011. Stakeholders submitted comments on the draft tariff language on July 26, 2011, and these comments were discussed during a stakeholder conference call on July 27, 2011.

II. SETTLEMENT PROCESS TIMELINE CHANGES

A. Settlement Statement Publishing Timeline

As previously mentioned, the credit reform enhancements proposed in the ISO's Order No. 741 compliance filing will accelerate the ISO's issuance of the initial settlement statement from seven business days after the market trading day to three business days after the market trading day. The change of the initial settlement statement to T+3B and the existing large gaps of time between the issuance of subsequent recalculation settlement statements precipitated the settlement process timeline change initiative to consider other improvements to the settlements timeline to provide a more effective and efficient overall market settlement process.

The currently effective settlement timeline includes three mandatory settlement statements that are published after the trading day at T+7B, T+38B, and T+76B. In addition, the ISO may publish three scheduled recalculation settlement statements as necessary to effectuate dispute resolutions and make other settlement corrections. The sunset provision in ISO tariff Section 11.29.8.4.6 precludes settlements adjustments after three years, except in limited circumstances as directed by the ISO Board or the Commission.

The ISO proposal in this proceeding will shorten the length of the settlements timeline during which the largest monetary amount of the settlements occur. Specifically, the ISO proposes to modify ISO tariff Sections 11.29.7.1 through 11.29.7.2 to move forward the publication of present recalculation settlement statement T+38B to T+12B and recalculation settlement statement T+76B to T+55B. This acceleration of the settlements cycle is consistent with the objectives of the Commission's credit reform policies established in Order No. 741. Shortening the length of the settlement cycle from the date service is provided to the date payment for the service is completed will reduce credit risk exposure to market participants and the risk of non-payment due to default.

The ISO proposal will also amend ISO tariff Section 11.29.7.1 to allow a new recalculation settlement statement to be issued at T+9M as needed. The ISO recognizes that advancing publication of the early settlement statements will widen an already existing gap between the second and third recalculation settlements. Under the changes proposed, the gap would extend from T+55B to T+18M. The addition of recalculation settlement statement T+9M will narrow this gap. It will allow for more expedited recognition of settlement configuration changes that currently occur on a quarterly basis along with other settlement corrections that at present must wait to be settled until recalculation settlement statement T+18M is calculated and published.

The table below shows the present and proposed settlement cycle, and includes the initial settlement statement T+3B as proposed in the ISO's Order No. 741 compliance filing:

Scheduled Statements Current	Scheduled Statements Proposed
T+7B	T+3B (Compliance Filing)
T+38B	T+12B
T+76B	T+55B
-----	T+9M (As Needed)
T+18M (As Needed)	T+18M (As Needed)
T+35M (As Needed)	T+35M (As Needed)
T+36M (As Needed)	T+36M (As Needed)

The ISO's proposed settlement cycle received widespread stakeholder support. Brookfield, PG&E, Pilot, Powerex, SCE, SDG&E, WAPA-DSR and WAPA-SNR submitted comments that support moving the recalculation settlement statements to T+12B and T+55B. There was no stakeholder opposition to adding T+9M as an optional scheduled statement or to maintaining the current schedule for recalculation settlement statements T+18M, T+35M, or T+36M.

Three other stakeholders -- Calpine, NCPA and Six Cities -- expressed general support for the ISO's proposal, but did suggest alternatives to other aspects of the proposed timeline. Calpine commented that the ISO's overall proposed settlement statement publishing timeline presents benefits to market participants. Calpine however suggested that recalculation settlement statement T+76B be moved to T+62B rather than T+55B to better accommodate Calpine's suggested meter data deadlines. NCPA preferred that recalculation settlement statement T+38B be moved to T+7B rather than to T+12B. NCPA wanted the ISO's final proposal to integrate with and act to balance out the anticipated effects and limitations of compliance with Order No. 741. Six Cities supported shortening the settlement cycle but recommended an alternative timeline where statement T+38B is moved to T+15B to provide additional time for the ISO to make price corrections.

The ISO considered, but opted not to adopt, these alternatives during the stakeholder initiative. The ISO submits that advancing recalculation settlement statement T+38B to T+12B and recalculation settlement statement T+76B to T+55B achieves an appropriate balance between the interests of market participants in shortening the settlement cycle in order to financially settle market transactions sooner and in allowing sufficient time for settlement quality meter data to be submitted and validated in order to improve the accuracy of the statement's content. The ISO does not believe that sufficient reason exists for, or that significant benefits would be obtained by, moving the T+38B statement either to T+7B, as suggested by NCPA, or in the opposite direction to T+15B, as suggested by Six Cities.

As proposed, the ISO's tariff modifications will not only shorten the length of the settlements timeline during which the largest monetary amount of the market settlements occur, they will reduce the demand upon resources and better accommodate a later meter data submittal timeline to the benefit of market participants and the accuracy of the overall market settlement at T+55B. Such a change in the settlement timeframe, along with the associated meter data timelines discussed below, will also allow the ISO to address some concerns regarding the enforcement of the Rules of Conduct for the submission of untimely or inaccurate meter data. Further, having more time between a T+12B statement and a T+55B statement would possibly allow additional time for market participants to review their T+12B statement for the submittal of settlement disputes. The additional time could also improve the ISO's ability to research and

resolve valid settlement disputes, and could allow for additional settlement data validations to occur to improve the accuracy of the statements. For these reasons, the ISO's proposal will provide a more effective and efficient overall market settlement process and should be approved by the Commission.

B. ISO Estimated SQMD

In the instant filing, the ISO recommends modifications to Sections 11.1.4 and 11.1.5 to clarify what settlement quality meter data the ISO will estimate and use in the calculation of the initial settlement statement at T+3B and the recalculation settlement statement at T+12B. Specifically, the ISO amends Section 11.1.4(c) and 11.1.5 to clarify that ISO estimates will be made for demand response resources, not just proxy demand response energy management. In Section 11.1.4(d), the ISO adds a new provision to clarify that the ISO will estimate net load for a metered subsystem by applying a monthly historical based net/gross ratio to the metered subsystem's estimated gross load. The historical monthly ratio will be specific to each MSS Operator and will be calculated as the sum of each entity's monthly actual net load divided by the sum of each entity's monthly actual gross load, of the previous year. These changes are necessary to accurately reflect the ISO's estimations.

C. Unscheduled Reissue Recalculation Settlement Statement

While the introduction of new recalculation settlement statement T+9M will close a significant gap between the T+55B and T+18M statements, the ISO and market participants recognize that a sizeable gap also exists between the proposed T+9M statement and the T+18M statement. A further gap exists between the T+18M statement and the next opportunity to resolve issues on the T+35M statement.

In order to reduce the time lag for correcting a material ISO settlement calculation error that resulted in a significant market financial impact on either the T+9M statement or T+18M statement, the ISO proposes to add ISO tariff Section 11.29.7.3.1 to create an unscheduled reissue recalculation settlement statement¹⁰ as a new type of unscheduled settlement statement.¹¹ The ISO will calculate and publish a reissue recalculation settlement statement not at a regular interval, but only as needed in the event that all of the criteria specified

¹⁰ During the stakeholder initiative for the settlements process timeline change, this statement was referred to as a correction settlement statement. Upon consideration, the ISO has determined that unscheduled reissue recalculation settlement statement is a more accurate description of the statement.

¹¹ As a result of adding this statement, the ISO has modified Section 11.29.7.3 to create a new category of unscheduled settlement statements. Section 11.29.7.3.1 establishes the new unscheduled reissue recalculation settlement statement and Section 11.29.7.3.2 provides for the existing, but renamed, unscheduled directed recalculation settlement statement.

for issuing the statement are met. Those criteria are: a financial impact occurred on a T+9M or T+18M settlement statement; the financial impact resulted from an ISO data transfer error or other similar data processing error; the error was timely identified within the applicable settlement dispute window by either the ISO or a scheduling coordinator via submission of a settlement dispute to the ISO; and the financial impact was greater than \$1,000,000 for the market as a whole for the trading day.

Upon verification of the ISO data transfer error or similar data processing error, the ISO will notify the market and publish the unscheduled reissue recalculation settlement statement no less than 30 days after the date of the notification to the market. This notice will advise the market of the ISO data processing error and allow scheduling coordinators time to prepare for processing the additional statement. The net amounts that result from the generation of an unscheduled reissue recalculation settlement statement will be included in the next available regularly scheduled weekly invoice. Any ISO processing errors that do not meet the \$1,000,000 threshold for adjustment on an unscheduled reissue recalculation settlement statement will be corrected on the next scheduled settlement run for the given trading day at T+18M or T+35M, as applicable.

Most stakeholders fully support the addition of an unscheduled reissue recalculation settlement statement.¹² Several market participants, however, suggested changing the \$1,000,000 criteria for overall market impact and/or adding an additional criterion that would allow for issuance of a reissue statement based on a measure of financial impact on an individual scheduling coordinator.

The suggestions for changing the \$1,000,000 overall market impact ranged from \$100,000 to \$5,000,000. The ISO believes that its proposed \$1,000,000 overall market impact criteria is a more reasonable threshold to initiate an unscheduled reissue recalculation settlement statement than the wide-ranging amounts suggested by stakeholders. The ISO intends these reissue statements to be used very infrequently; only when there is an ISO data transfer or other similar data processing error that significantly impacts the overall market and has been disputed in the appropriate timeframe. While the ISO continues to work to eliminate data transfer or processing errors, and to continuously improve the monitoring and controls of our settlement system, the ISO believes that a threshold as low as \$100,000 would cause the reissue statement to be issued with more frequency than intended, which could burden ISO and scheduling coordinator resources and not be cost effective. On the other hand, a threshold as high as \$5,000,000 on a given trading day may be so difficult to meet that it would delay the resolution of errors with considerable financial impact to the next scheduled statement either nine or 18 months later. The ISO proposes the

¹² NCPA, PG&E Pilot, Powerex, SDG&E, SCE, Six Cities, WAPA-DSR, and WAPA-SNR.

\$1,000,000 threshold as a reasonable balance to achieve fair treatment of all market participants.

The ISO does not agree with suggestions by other stakeholders for aggregated impact criteria, over multiple days of the similar issue, or individual scheduling coordinator criteria at a lower threshold than \$1,000,000. The ISO believes that a threshold that provides for more frequent unscheduled settlement runs based on the impact to an individual scheduling coordinator would create burdens on other scheduling coordinators that have automated their settlement processes and expect settlement statements at specific times. The ISO believes that scheduling coordinators could accommodate a rare unscheduled reissue recalculation settlement statement with sufficient advance notice, but that frequent issuance of unscheduled statements with no impact for the majority of scheduling coordinators would create unnecessary burdens. Errors that do not meet the ISO's proposed criteria are more appropriately settled through the normal settlement process.

The ISO submits that the proposed unscheduled reissue recalculation settlement statement and issuance criteria have been appropriately designed for the purpose intended -- to allow the ISO to correct data processing errors that occurred on a T+9M or T+18M statement and that have a significant impact on the overall market sooner than the next applicable recalculation settlement statement, which will not be issued for approximately nine or 18 months, as applicable. The reissue statement is proposed for the benefit of the overall market. It is not intended to be a "full service" recalculation settlement statement that resolves all minor adjustments. Accordingly, the criteria for issuing the unscheduled reissue recalculation settlement statement, including the requirement that the fiscal impact exceed \$1,000,000 to the market as a whole for the given trading day, are reasonable for this purpose and should be approved by the Commission.

D. Settlement Dispute Submittal Deadlines and Scope

Under the ISO tariff, each scheduling coordinator, congestion revenue rights holder, black start generator or participating transmission owner is afforded the opportunity to review the terms of the recalculation settlement statements it receives and has the right to dispute any item set forth on the first two recalculation settlement statements (except estimated meter data on recalculation settlement statement T+12B)¹³ or any incremental changes on any

¹³ ISO tariff Section 11.29.8.4.1 provides that any item in a recalculation settlement statement T+12B may be disputed, except for ISO or scheduling coordinator estimated settlement quality meter data. ISO tariff Section 11.29.5.2 discusses dispute of a recalculation settlement statement T+12B but fails to include the exception for estimated data. The revisions proposed by the ISO in this filing correct this omission from Section 11.29.5.2 by clarifying that any item or calculation set forth on that statement may be disputed except scheduling coordinator estimated settlement quality meter data or ISO estimated settlement quality meter data.

subsequent recalculation settlement statements it receives. The ISO tariff defines an incremental change as a change in dollar value of a specific charge code from the initial settlement statement to a subsequent recalculation settlement statement, including any new charge codes or trading day charges that appear on the statement for the first time. The scheduling coordinator, congestion revenue rights holder, black start generator or participating transmission owner is deemed to have validated each recalculation settlement statement unless it raises a dispute or reports an exception within a specified period of time.

For the recalculation settlement statement at T+12B, the ISO proposes to amend ISO tariff Sections 11.29.8.2.1 and 11.29.8.4.1 to establish a settlement dispute submittal deadline of twenty-six days after the trading day ("T+26B"). The fourteen-business-day window to submit a settlement dispute on the T+12B statement is four business days shorter than the period of time allowed for the existing T+38B settlement statement. Scheduling coordinators will not be allowed to dispute either scheduling coordinator submitted or ISO estimated settlement quality meter data on the T+12B statement. The requirement in ISO tariff Section 10.3.6.3 (renumbered) that actual settlement quality meter data be submitted for the T+55B settlement statement will automatically resolve any issue identified with estimated meter data on recalculation settlement statement T+12B so a dispute process for estimates is not necessary.

For the recalculation settlement statement at T+55B, the ISO proposes to amend ISO tariff Sections 11.29.8.2.2 and 11.29.8.4.2 to establish a settlement dispute submittal deadline of T+77B. The proposed twenty-two-business day timeframe to submit a settlement dispute on the T+55B statement is an increase of four-business days over the eighteen-business day dispute window currently in place for recalculation settlement statement T+38B. Any charges or payments may be disputed on the T+55B settlement statement. As a result of changing both the settlement publication timeline and the settlement dispute submittal deadline, the last day that scheduling coordinators will be able to submit settlement disputes on any issues found for a given trading day will be extended from fifty-six business days after the trading day to seventy-seven business days after the trading day. This will allow market participants a longer period of time to perform validation and other review activities.

For the new recalculation settlement statement at T+9M, the ISO proposes to modify ISO tariff Sections 11.29.8.3 and 11.29.8.4.3 to allow settlement disputes for incremental changes found on that statement. To achieve more consistency in settlement dispute deadlines for ISO settlement statements, the ISO proposes to apply the same twenty-two-business day submittal deadline for this statement as proposed for the T+55B settlement statement and as currently allowed for the existing recalculation settlement statement at T+18M.

For the unscheduled recalculation settlement statements, which includes the unscheduled reissue recalculation settlement statement and the unscheduled directed recalculation settlement statement, the ISO has added new Section 11.29.8.4.8 to allow settlement disputes for incremental changes found on those statements. The ISO proposes to allow dispute for only incremental changes on this statement and to establish a twenty-two-business day submittal deadline, which is consistent with the settlement dispute deadline for other statements. The ISO has also modified Section 11.29.8.5 to add the category of unscheduled recalculations settlement statements to the dispute timeline and to provide for ISO determination of disputes on those statements no later than 31 business days after the end of the dispute period.

The resulting settlement statement publications and settlement dispute submittal deadlines are shown in the table below:

Statement Publication	Settlement Dispute Deadline	Settlement Dispute Scope
T+ 12B	14 B after Publication	All, except estimated meter data
T+55B	22 B after publication	All
T+9M, T+18M, Reissue Statement	22 B after publication	Incremental changes Only
T+35M	5 B after Publication	Incremental changes Only

The ISO maintains that the proposed settlement dispute deadlines and parameters for the content of permissible disputes are reasonable provisions for recalculation settlement statements T+12B, T+55B, and T+9M, and the unscheduled reissue recalculation settlement statement, and should be accepted by the Commission. The dispute timelines are consistent with the deadlines in place for existing statements. They are designed to allow an adequate opportunity for market participants to review and validate each statement and for the ISO to consider and resolve any disputes or exceptions it receives in a timely manner. No stakeholders opposed the proposed settlement dispute deadlines or content parameters during the stakeholder initiative.

E. Invoices

The ISO proposed to adopt weekly invoicing in its compliance filing for Order No. 741 and did not recommend further changes to its invoicing practices in its Straw Proposal for the settlement process timeline change initiative. During the initiative, however, several stakeholders suggested that their validation of the ISO's invoices would be much easier if the weekly invoices for the initial settlement statement at T+3B and the recalculation settlement statement at T+12B used the same trading days in their billing periods. The suggestion to align the billing periods received support in comments by the majority of stakeholders. Only NCPA opposed aligning the billing periods for the invoices. NCPA instead favored the ISO's current practice of invoicing all available settlement statements.

Based on the stakeholder consensus, the ISO proposes to amend ISO tariff Section 11.29.10.1 to align the billing periods for the T+3B and T+12B settlement statements so that the same trading days are reflected on both invoices, rather than invoicing all available settlement statements which could cause the trading days on the invoices to differ. While this is a change from the ISO's current methodology, and it will in some cases delay the invoicing of some available market results, it is the ISO's understanding that most stakeholders prefer this approach because the benefit that will result for validation and accounting purposes will outweigh the impact of delaying the invoicing of some incremental settlement statements results.

There is an additional change with respect to the invoice provisions. Section 11.29.10 provides that the ISO will prepare and issue invoices or payment advices on Wednesday of each week. In this filing, the ISO adds a provision to that section to clarify that if Wednesday falls on an ISO holiday, the ISO will issue the invoices or payment advices on the next business day. It is unnecessary to similarly revise the payment due date. Payments are due four business days after the date the invoice is issued, which prevents the payment date from falling on a holiday.

F. Interest

Following publication of the issue paper and straw proposal in the stakeholder initiative, the ISO continued to analyze the changes necessary to comply with Order No. 741 and the modifications to the settlements process that would be included in this companion filing that results from the initiative. As a result of the analysis, the ISO in the Revised Draft Final Proposal suggested that the methodology for calculating interest be changed to a daily basis throughout the settlements cycle.

The ISO's current interest methodology calculates interest based on the amount of incremental changes between settlement statements, as calculated for the T+38B, T+76B, T+18M, T+35M and T+36M recalculation settlements. The interest is charged on the incremental changes from the date that the initial invoice was due to the date that the recalculation settlement invoice was due. FERC interest rates are used in the calculation. An allocation algorithm is utilized to calculate the interest to account for the ISO's semi-monthly invoices. Initial invoices cover a portion of a trade month (either trading days 1 through 15 or trading day 16 through the end of month) while recalculation invoices cover a whole trade month.

As part of the ISO's compliance with Order No. 741, the ISO is switching to invoicing on a weekly basis. This change to the timing of the billing and settlement cycle will not affect the underlying methodology of the interest calculation. However, the ISO proposes that interest now be determined on a daily basis. Proposed ISO tariff Section 11.29.10.2 provides that interest will be calculated on a daily basis based on incremental changes between initial settlement statement T+3B and recalculation settlement statement T+12B, and any incremental changes between each subsequent recalculation settlement statement. Interest will be calculated from the payment date of the invoice to the payment date of the invoice for the next recalculation settlement statement.

The ISO maintains that its proposed daily interest calculation is reasonable and treats all market participants fairly. This approach will allow a straight-forward calculation of the interest on the incremental changes and will eliminate the need for the ISO's allocation algorithm since interest will be calculated on a trading day by trading day basis. Further, calculating interest on a daily basis will facilitate aggregation of interest charges by trade month, which stakeholders have requested. No stakeholders opposed the ISO's proposal to change the interest calculation to a daily basis.

G. Meter Data Submittal Timeline

Settlement quality meter data is a critical component in the accuracy of market settlements. The ISO uses both ISO-gathered meter data (mainly generation, imports and exports) and scheduling coordinator-submitted settlement quality meter data (mainly load) for the billing quantities for market settlement. The proposed settlement statement timeline allows for associated changes to the submittal dates for settlement quality meter data.

For the recalculation settlement statement at T+12B, the ISO proposes to amend ISO tariff Sections 10.2.1.3 and 10.3.6.2 to establish a meter data submittal deadline of midnight, eight business days after the trading day ("T+8B"). Scheduling Coordinators will be able to submit actual or estimated settlement quality meter data to the ISO up to that deadline. The T+8B deadline provides market participants and the ISO with three and one-half additional

business days to gather supply and demand data, in comparison to the current deadline of noon on the fifth business day after the trading day.

For the recalculation settlement statement at T+55B, the ISO proposes to amend ISO tariff Section 10.3.6.3 to establish a meter data submittal deadline of midnight, forty-eight business days after the trading day (“T+48B”). Scheduling Coordinators must submit actual settlement quality meter data to the ISO by this deadline. Failure to submit the actual data will be considered a violation of ISO tariff Section 37.11 that, as discussed below, applies penalties for late meter data.

The recommended due date of T+48B for the submission of meter data to be used in the calculation of the T+55B statement is an important change from the present due date. This change allows for two retail billing cycles to pass before the actual settlement quality meter data is required to be submitted to the ISO. The ISO and the majority of stakeholders believe that this additional time will permit the meter data collection, verification, validation and submittal process to be completed, reduce the need to resubmit revised meter data after the T+48B timeframe, and provide for a more accurate market settlement earlier in the settlement timeline.

For the recalculation settlement statement at T+9M, the ISO proposes to revise ISO tariff Section 10.3.6.4 to provide that scheduling coordinators may submit actual settlement quality meter data to the ISO during the period from 168 business days after the trading day (“T+168B”) to 172 business days after the trading day (“T+172B”) for use on that statement. This window is intended to be used infrequently to accommodate the submission of revised meter data. Scheduling coordinators that submit actual settlement quality meter data during this window, however, will have failed to provide complete and accurate settlement quality meter data at T+48B as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. Any actual settlement quality meter data that a scheduling coordinator submits outside of that window will be rejected by the ISO and not used in settlement calculations.

The proposed due dates for meter data submittals to support the different settlement statements are provided in the following table.

Meter Data Due Date	Settlement Statement
T+8B	T+12B
T+48B	T+55B
T+168B to T+172B	T+9M

The comments of most stakeholders support adjusting the timeline for submitting settlement quality meter data. Although Pilot's comments primarily focus on the ISO's proposed changes to the penalty for inaccurate and late meter data, discussed below, Pilot does suggest that an additional submission window be added to the meter data submittal process at sixty-one days after the trading day to allow for the many issues that affect the delivery of timely meter data.

The ISO maintains that its proposed meter data submittal timeline, in particular extending the deadline to T+48B to allow for two retail billing cycles to be completed before the actual settlement quality meter data must be submitted to the ISO, should eliminate, or least substantially reduce, the multiple resubmissions of data the ISO experiences today and the multiple adjustments on settlement statements that result from the resubmissions. In addition, it should provide a more efficient submittal process for market participants. The Commission should therefore approve the proposed meter data submittal timeline as providing benefits to the ISO and market participants.

With regard to wheeling transactions, existing ISO tariff Section 26.1.4.4 provides that scheduling coordinators are required to provide the details of the wheeling out or wheeling through transactions to the ISO within five business days from the end of the month to which the relevant trading day relates. To reflect recent automated processes in this area, the ISO proposes to modify that section to require submission of data by T+8B.

H. Inaccurate and Late Meter Data Penalty

In conjunction with the changes to the meter data submittal timeline, the ISO proposes to revise the Rules of Conduct penalty related to the submittal of actual settlement quality meter data. At present, if a scheduling coordinator submits corrected settlement quality meter data past the deadline of forty-three calendar days after the trading day, an inaccurate meter data penalty applies. The penalty is based on the volume difference from the initial meter data submittal and the corrected submittal. The level of the penalty is 30 percent of the value of the energy in error if identified by the scheduling coordinator and 75 percent if the error is discovered by the ISO. The sanction is in addition to interest charges calculated during the re-settlement process.

The ISO believes that the current penalty is overly burdensome for submitting correcting meter data and that an appropriate incentive for the market participants to submit accurate and timely settlement quality meter data would be a set sanction of \$1,000 for each trade day corrected.

Specifically, the ISO proposes to modify ISO tariff Section 37.5.2.1 to require that market participants provide complete and accurate settlement quality meter data for each trading hour and correct any errors in the data no later than

T+48B. If a market participant fails either to submit complete and accurate actual settlement quality meter data or to replace estimated settlement quality meter data with complete and accurate actual settlement quality meter data by T+48B, the meter data is late and is a violation of that provision. The failure to provide complete and accurate actual settlement quality meter data, as required by Section 10.3.6, that causes an error to exist in the meter data after T+48B is also a violation of that provision. Further, scheduling coordinators that fail to submit scheduling coordinator estimated settlement quality meter data that is complete and based on a good faith estimate that reasonably represents demand and/or generation quantities for each settlement period, as required by Section 10, is also a violation and may be referred to the ISO's department of market monitoring for investigation.

The ISO proposes to additionally modify ISO tariff Section 37.11.1 to indicate that there is no sanction for the submission of inaccurate or late actual settlement quality meter data used for recalculation settlement statement T+12B. However, failure by a scheduling coordinator, under a specific scheduling coordinator identification number, to submit actual settlement quality meter data or to replace estimated settlement quality meter data with actual settlement quality meter data by the T+48B deadline for one or more scheduled resource IDs for a given trading day is late actual settlement quality meter data and constitutes a violation of the Rules of Conduct. The sanction is \$1,000 per trading day and the scheduling coordinator is required to submit actual settlement quality meter data during the period specified in Section 10.3.6.3 for the recalculation settlement statement T+9M. Where a scheduling coordinator fails to submit actual settlement quality meter data or to replace estimated settlement quality meter data with actual settlement quality meter data by the T+48B deadline for one or more scheduled resource IDs for a given trading day, and that scheduling coordinator also fails to submit actual settlement quality meter data during the period specified in Section 10.3.6.3 for recalculation settlement statement T+9M, then there will also be a sanction of \$3,000 per trading day. The submission by a scheduling coordinator of actual settlement quality meter data that causes an error to exist in the data after the T+48B deadline is a Rules of Conduct violation. The sanction is \$1,000 per trading day. All violations of Section 37.11.1 will be found per scheduling coordinator identification number and all sanctions assessed under Section 37.11.1 will be levied per scheduling coordinator identification number. Accordingly, for any given trading day, one scheduling coordinator may be found to have committed multiple violations of, and may be assessed multiple sanctions under that section.

The ISO also proposes to revise ISO tariff Section 37.11.2 to provide that, in instances where the ISO does not produce a recalculation settlement statement or perform a re-run, for cases of inaccurate actual settlement quality meter data, the penalty will be a market adjustment and a sanction. The sanction will be \$1,000 per trading day. The market adjustment approximates the

financial impact on the market; however, it does not completely reflect all the settlement consequences of inaccurately submitted meter data. The approximated value of the inaccurate meter data will be calculated and returned to the market based on the average of the pro rata share of unaccounted for energy charged in the utility service area during the period of the inaccurate meter data event. If the error is to the detriment of the responsible scheduling coordinator (e.g., under-reported generation or over-reported demand), and the ISO does not produce a recalculation settlement statement or perform a re-run, then no market adjustment will be made but the sanction of \$1,000 per trading day still will be levied. For the market adjustment, the applicable price will be the greater of: (1) the simple average of the relevant twelve five-minute LMPs for each hour in which the inaccurate meter data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each trading hour of the applicable trading day.

Although the majority of the comments supported the proposed changes to the inaccurate meter data penalty, a few market participants suggested that a de minimis standard or threshold be added to the proposal to allow small changes to the settlement quality meter data to be submitted after T+48B, as well as allowing meter data changes beyond T+48B without a sanction. Pilot opposed the revisions to the penalty provisions.

The ISO does not agree with these suggestions. The intent of the settlement process is to attain financial certainty as soon as practical. Imposing de minimis criteria would be counter to the effort to obtain actual settlement quality meter data by T+48B timeline for use in calculating the T+55B settlement statement. The ISO believes that the sanction it is recommending and the changed timelines will incent market participants to put into place applicable controls to assure that settlement quality meter data is submitted by the required due date while still allowing a reasonable time for scheduling coordinators to gather and submit the data without incurring penalties. The ISO will monitor the frequency of this new penalty sanction in incenting appropriate meter data submittal behavior. If there appears to be a decline in scheduling coordinators' performance, the ISO will recommend an increased sanction.

I. Transitional Issues

The ISO is proposing that the new settlements process timelines apply to Trading Days following the effective date of this filing. Accordingly, under new ISO tariff Section 11.29.7.1.4, transactions for Trading Days prior to the effective date will continue to be settled under the terms of the currently effective metering and settlement provisions of the ISO tariff. To accommodate this need to have two settlement timelines in effect for a transitional period and to provide the ISO with authority in the ISO tariff to process the necessary metering data, produce Settlement Statements, handle any billing inquiries and handle potential Rules of Conduct issues, the ISO proposes to incorporate the existing provisions of

Section 10 and Section 11, as well parts of Section 37, into a separate Appendix J. This appendix would apply to the existing metering and settlement provisions of the currently effective ISO tariff to all market transactions that occur prior to the effective date for this filing.

III. COMMUNICATIONS

Communications regarding this filing should be address to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

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IV. EFFECTIVE DATE

The ISO proposes an effective date of October 1, 2011 for the proposed tariff modifications. This date coincides with the effective date of the tariff revisions the ISO submitted in its June 30, 2011 filing to comply with the credit reform requirements of Commission Order No. 741. The tariff changes contained in the compliance filing, in combination with the additional enhancements contained in this companion filing that were outside the scope of the compliance filing, comprise a package of improvements to the settlements process that will provide greater market settlement efficiencies for both the market participants and the ISO. The ISO seeks to deploy all of the changes to the settlement process at the same time, on October 1, 2011.

V. SERVICE

The ISO has served copies of this transmittal letter, and all attachments, on the California Public Utilities Commission, the California Energy Commission, and all parties with effective Scheduling Coordinator Service Agreements under the ISO tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO Website.

VI. ATTACHMENTS

The following documents, in addition to this transmittal letter, support the instant filing:

- | | |
|---------------------|--|
| Attachment A | Revised ISO tariff sheets that incorporate the proposed changes described above |
| Attachment B | ISO tariff revisions shown in black-line format |
| Attachment C | Chart of Proposed Tariff Amendments |
| Attachment D | Memorandum to California ISO Board of Governors – “Decision on the Settlement Process Timeline Change” |
| Attachment E | Stakeholder Matrix |

VII. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission approve this tariff revision as filed. Please contact the undersigned if you have any questions concerning this matter.

Respectfully submitted,

By: **/s/Beth Ann Burns**
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California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment A – Clean Tariff

Settlement Process Timeline Change Amendment

August 1, 2011

10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within five (5) Business Days from the Trading Day (T+5B) and will be used in the Recalculation Settlement Statement T+12B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at midnight on the eighth (8) Business Day after the Trading Day (T+8B) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the Recalculation Settlement Statement T+12B calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-eight (48) Business Days from the Trading Day (T+48B) and will be used in the Recalculation Settlement Statement T+55B calculation.

* * *

10.3.6 Settlement Quality Meter Data Submission

Scheduling Coordinators shall submit to the CAISO Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data, as provided in Section 10.3.6.2(a), for Scheduling Coordinator Metered Entities they represent for each Settlement Period in an Operating Day according to the timelines established in Section 10.3.6.2 and the CAISO Payments Calendar and as provided in the

applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data (actual and Scheduling Coordinator estimated) on demand as provided in the applicable Business Practice Manual.

10.3.6.1 No Meter Data Submission for Initial Settlement Statement T+3B

Because Initial Settlement Statement T+3B is solely based on CAISO Estimated Settlement Quality Meter Data for metered Demand and Generation, Scheduling Coordinators cannot submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the entities they represent for purposes of the Initial Settlement Statement T+3B calculation.

10.3.6.2 Timing of SQMD Submission for Calculation of Recalculation Settlement Statement T+12B

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the eighth (8) Business Day after the Trading Day (T+8B) for the Recalculation Settlement Statement T+12B calculation. Scheduling Coordinators can submit Estimated Settlement Quality Meter Data for Demand Response Resources.

- (a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.
- (b) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity within eight (8) Business Days from the Trading Day (T+8B), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation, including demand response Resources, for use in the Recalculation Settlement Statement T+12B calculation, as provided in Section 11.1.5.

10.3.6.3 Timing of SQMD Submission for Recalculation Settlement Statement T+55B

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-eighth (48) Business Day after the Trading Day (T+48B) for the Recalculation Settlement Statement T+55B calculation. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+12B pursuant to Section 10.3.6.2 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+55B no later than the forty-eighth (48) Business Day after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-eight (48) Business Days after the Trading Day (T+48B), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.
- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.
- (c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement T+55B calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality

Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

10.3.6.4 Timing of SQMD Submission for Recalculation Settlement Statement T+9M

Scheduling Coordinators may submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO, during the period from one-hundred and sixty-eight Business Days after the Trading Day (T+168B) to one-hundred and seventy-two Business Days after the Trading Day (T+172B) for use in Recalculation Settlement Statement T+9M. Scheduling Coordinators submitting Actual Settlement Quality Meter Data during the period, from T+168B to T+172B, which is more than forty-eight (48) Business Days after the Trading Day (T+48B) have failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. Any Actual Settlement Quality Meter Data that is submitted by a Scheduling Coordinator after the T+48B meter data submittal deadline, and outside of the period from T+168B to T+172B, will be rejected by the CAISO and not used in settlement calculations.

* * *

11.1 Settlement Principles

The CAISO shall calculate, account for and settle payments and charges with Business Associates in accordance with the following principles:

- (a) The CAISO shall be responsible for calculating Settlement balances for any penalty or dispute in accordance with the CAISO Tariff, and any transmission Access Charge to UDCs or MSSs and Participating TOs;
- (b) The CAISO shall create and maintain computer back-up systems, including off-site storage of all necessary computer hardware, software, records and data at an alternative location that, in the event of a Settlement system breakdown at the

primary location of the day-to-day operations of the CAISO, could serve as an alternative location for day-to-day Settlement operations within a reasonable period of time;

- (c) The CAISO shall retain all Settlement data records for a period which, at least, allows for the re-run of data as required by this CAISO Tariff and any adjustment rules of the Local Regulatory Authority governing the Scheduling Coordinators and their End-Use Customers and FERC;
- (d) The CAISO shall calculate, account for and settle all charges and payments for Initial Settlement Statement T+3B based on CAISO estimates and for all other settlement statements based on the Settlement Quality Meter Data it has received, or, if Settlement Quality Meter Data is not available, based on the best available information or estimate it has received in accordance with the provisions in Section 10 and the applicable Business Practice Manuals; and
- (e) Day-Ahead Schedules, RUC Awards and AS Awards shall be settled at the relevant LMP, RUC Price, and ASMPs, respectively. HASP Intertie Schedules shall be settled at the relevant HASP Intertie LMP at the relevant Scheduling Point. All Dispatch Instructions shall be deemed delivered and settled at relevant Real-Time Market prices. Deviations from Dispatch Instructions shall be settled as Uninstructed Deviations.

* * *

11.1.4 CAISO Estimates for Initial Settlement Statement T+3B

Notwithstanding any other provisions of the CAISO Tariff, Initial Settlement Statement T+3B shall be solely based on CAISO Estimated Settlement Quality Meter Data for metered Demand, metered Generation, and Demand Response. CAISO Estimated Settlement Quality Meter Data shall be calculated as follows:

- (a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy and dispatch of the resource as calculated in the Real-Time Market and as modified by any applicable corrections to the Dispatch Operating Point for the resource.
- (b) CAISO Estimated Settlement Quality Meter Data for metered Demand, including Non-Participating TO demand will be based on Scheduled Demand by the appropriate LAP. This value will be increased by fifteen (15) percent if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than the total Scheduled Demand by more than fifteen (15) percent. CAISO Estimated Settlement Quality Meter Demand for Participating Load will not be increased by fifteen (15) percent.
- (c) CAISO Estimated Settlement Quality Meter Data for Demand Response will be calculated using the same method as set forth in Section 11.1.4(a) for metered Generation. The Proxy Demand Response Default Load Adjustment will not be estimated or applied for purposes of calculating Initial Settlement Statement T+3B.
- (d) To estimate net load for a Metered Subsystem, the CAISO will apply a monthly historical based net/gross ratio to the MSS's estimated gross load. The historical monthly ratio shall be specific to each MSS Operator and shall be calculated as the sum of each entity's monthly actual net load divided by the sum of each entity's monthly actual gross load, of the previous year.
- (e) CAISO will not estimate Unaccounted For Energy under Section 11.5.3, the rescission of payments for Regulation Up and Regulation Down Capacity under Section 8.10.8.6 or MSS deviation payments under 11.7.1 for purposes of calculating Initial Settlement Statement T+3B.

11.1.5 SQMD for Recalculation Settlement Statement T+12B

The CAISO's Recalculation Settlement Statement T+12B shall be based on the Settlement Quality Meter Data (actual or Scheduling Coordinator estimated) received in SQMDS. In the event Actual Settlement

Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received from a Scheduling Coordinator or CAISO Metered Entity, the CAISO will estimate Settlement Quality Meter Data for that outstanding metered Demand or Generation, including Demand Response Resources, for the Recalculation Settlement Statement T+12B calculation.

CAISO Estimated Settlement Quality Meter Data for metered Generation, metered Demand, and Demand Response will be calculated using the same method as set forth in Section 11.1.4. CAISO Estimated Settlement Quality Meter Data for metered Generation, metered Demand, and Demand Response will be calculated using the same method as set forth in Section 11.1.4.

* * *

11.5.3 Unaccounted For Energy (UFE)

For each Settlement Interval, the CAISO will calculate UFE for each utility Service Area for which the IOU or Local Publicly Owned Electric Utility has requested separate UFE calculation and has met the requirements applicable to a CAISO Metered Entity. The UFE will be settled as Imbalance Energy at the Settlement Interval Locational Marginal Price calculated for each utility Service Area for which UFE is calculated separately. UFE attributable to meter measurement errors, load profile errors, Energy theft, and distribution loss deviations will be allocated to each Scheduling Coordinator based on the ratio of its metered CAISO Demand within the relevant utility Service Area for which UFE is calculated separately to total metered CAISO Demand within that utility Service Area. UFE charges will not be estimated or included on Initial Settlement Statement T+3B.

* * *

11.23 Penalties For Uninstructed Imbalance Energy

Effective December 1, 2004, the CAISO shall not charge any Uninstructed Deviation Penalties pursuant to this Section 11.23 until FERC issues an order authorizing the CAISO to charge Uninstructed Deviation Penalties pursuant to this section. Beginning with Settlement Statements for the first Trading Day for which FERC authorizes the CAISO to charge Uninstructed Deviation Penalties pursuant to this section, the CAISO shall charge Scheduling Coordinators Uninstructed Deviation Penalties for Uninstructed Imbalance Energy resulting from resource deviations outside a Tolerance Band from their Dispatch Operating Point, for dispatched resources, or their Day-Ahead Schedule otherwise. Publishing of

Uninstructed Deviation Penalty results will not occur on the Initial Settlement Statement T+3B but rather will occur on the Recalculation Settlement Statement T+12B. The Uninstructed Deviation Penalty will be applied as follows:

- (a) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval. The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval in which the CAISO has not declared a staged System Emergency;
- (b) The Uninstructed Deviation Penalty will apply to pre-Dispatched Bids from Non-Dynamic System Resources identified, when such a pre-Dispatch Instruction is issued more than forty (40) minutes prior to the relevant Operating Hour, subject to the following conditions: (i) the Uninstructed Deviation Penalty will only apply to the pre-Dispatched amount of the Bid that is declined or not delivered, (ii) the Uninstructed Deviation Penalty will not apply to a portion of a pre-Dispatched Bid that is subsequently not delivered at the direction of a Balancing Authority, including the CAISO, due to a curtailment of transmission capability or to prevent curtailment of native firm load occurring subsequent to issuing the pre-Dispatch Instruction, (iii) the Uninstructed Deviation Penalty will not apply to Uninstructed Imbalance Energy resulting from declining subsequent intra-hour Dispatch Instructions. Dynamically scheduled Dynamic System Resources, to the extent they deviate from their Day-Ahead Schedule plus any Dispatch Instructions, will be subject to the Uninstructed Deviation Penalty.
- (c) The Uninstructed Deviation Penalty will not apply to Load, Curtailable Demand, or Demand Response Services.
- (d) [NOT USED]
- (e) The Uninstructed Deviation Penalty will not apply to Regulatory Must-Run Generation or Participating Intermittent Resources that meet the scheduling obligations established in the Eligible Intermittent Resources Protocol in

Appendix Q. No other applicable charges will be affected by this exemption. The Uninstructed Deviation Penalty also will not apply to Qualifying Facilities (QFs), including those that are dynamically scheduled, that have not executed and are not required pursuant to this CAISO Tariff to execute a Participating Generator Agreement (PGA) or Qualifying Facility Participating Generator Agreement.

- (f) All MSS resources designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net settlement election) are exempt from Uninstructed Deviation Penalties in this Section 11.23. All MSS resources not designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net Settlement election) are subject to Uninstructed Deviation Penalties in this Section 11.23.
- (g) The Uninstructed Deviation Penalty will apply to Generating Units providing Regulation and dynamically scheduled Dynamic System Resources providing Regulation to the extent that Uninstructed Deviations from such resources exceed each resource's actual Regulation range plus the applicable Tolerance Band. Resources providing Regulation and generating within their relevant Regulating range (or outside their relevant Regulating range as a direct result of CAISO control or instruction) will be deemed to have zero (0) deviations for purposes of the Uninstructed Deviation Penalty.
- (h) The Uninstructed Deviation Penalty will be calculated and assessed for each resource individually, except as specified in Appendix R, which specifies when Uninstructed Deviations from individual resources may be aggregated.
- (i) The Uninstructed Deviation Penalty shall not apply to any Uninstructed Imbalance Energy resulting from compliance with a directive by the CAISO or the Reliability Coordinator.
- (j) [NOT USED]

- (k) The Uninstructed Deviation Penalty will not apply when the applicable LMP is negative or zero.
- (l) The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to one hundred (100) percent of the corresponding LMP. The relevant LMP will be calculated for each UDP Location as the ten-minute weighted average price of two five-minute Dispatch Interval LMPs and the two five-minute optimal Instructed Imbalance Energy quantities. The net effect of the Uninstructed Deviation Penalty and the Settlement for positive Uninstructed Imbalance Energy beyond the Tolerance Band will be that the CAISO will not pay for such Energy.
- (m) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to fifty (50) percent of the corresponding Resource-Specific Settlement Interval LMP or, in the case of aggregated resources, the Settlement Interval Penalty Location Real-Time LMP.
- (n) The Uninstructed Deviation Penalty will not apply to deviations from Energy delivered as part of a scheduled test so long as the test has been scheduled by the Scheduling Coordinator with the CAISO or the CAISO has initiated the test for the purposes of validating unit performance.
- (o) The Uninstructed Deviation Penalty shall not apply to any excess Energy delivered from or any shortfall of Energy not delivered from an Exceptional Dispatch, involving a Generating Unit or a System Unit unless the CAISO and the supplier have agreed upon the time of, duration of, and amount of Energy to be delivered in the out-of-market transaction and the CAISO reflects the out-of-market transaction in its Real-Time Expected Energy calculations. The Uninstructed Deviation Penalty shall apply to Energy outside the Tolerance Band from out-of-market transactions with dynamically scheduled Dynamic System

Resources to the extent the agreed-to Energy is not delivered or over-delivered, and to any Energy from Non-Dynamic System Resources to the extent the agreed-to Energy is not delivered if that over- or under-delivery was due to action taken by or not taken by the System Resource and not the result of action taken by a Balancing Authority due to a curtailment of firm transmission capability or to prevent curtailment of native firm load occurring subsequent to the out-of-market transaction.

- (p) The Uninstructed Deviation Penalty shall not apply to Generating Units and dynamically scheduled Dynamic System Resources with Uninstructed Imbalance Energy if the Generating Unit or dynamically scheduled Dynamic System Resource was physically incapable of delivering the expected Energy or if systems malfunctions prevent receipt of Dispatch Instructions, provided that the Generating Unit or dynamically scheduled Dynamic System Resource had notified the CAISO within thirty (30) minutes of the onset of an event that prevents the resource from performing its obligations. A Generating Unit or dynamically scheduled Dynamic System Resource must notify CAISO operations staff of its reasons for failing to deliver the Expected Energy in accordance with Section 9.3.10.6 and must provide information to the CAISO that verifies the reason the resource failed to comply with the Dispatch Instruction within forty-eight (48) hours of the Operating Hour in which the instruction is issued.
- (q) Adjustments to any Generating Unit, Curtailable Demand and System Resource Day-Ahead Schedules or HASP Intertie Schedules made in accordance with the terms of TRTC Instructions for Existing Contracts or TORs shall not be subject to Uninstructed Deviation Penalties. Valid changes to ETC Self-Schedules or TOR Self-Schedules submitted after the close of the HASP or the RTM shall not be subject to Uninstructed Deviation Penalties.
- (r) Any changes made to Schedules prior to the CAISO issuing HASP Intertie Schedules shall not be subject to Uninstructed Deviation Penalties.

- (s) Uninstructed Deviation Penalties shall not be charged to any deviation from a Dispatch Instruction that does not comply with the requirements set forth in this CAISO Tariff.
- (t) Amounts collected as Uninstructed Deviation Penalties shall first be assigned to reduce the portion of above-LMP costs that would otherwise be assigned pro rata to all Scheduling Coordinators in that Settlement Interval. Any remaining portion of amounts collected as Uninstructed Deviation Penalties after satisfying these sequential commitments shall be treated in accordance with Section 11.29.9.6.3.
- (u) Condition 2 RMR Units shall be exempt from Uninstructed Deviation Penalties.
- (v) The Uninstructed Deviation Penalty shall not apply to positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit from the time the Generating Unit synchronizes to the grid to the earlier of (1) the Settlement Interval in which the Generating Unit produces a quantity of Energy that represents an average rate of delivery over such Settlement Interval in excess of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band, or (2) the first Settlement Interval after the expiration of a period of time that begins at the end of the Settlement Interval in which the Generating Unit synchronizes to the grid and ends after the Generating Unit's maximum Start-Up Time as specified in the Master File. The Uninstructed Deviation Penalty shall not apply to any positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit for a duration equal to the minimum of two Settlement Intervals or the time specified in the Master File for the Generating Unit to disconnect from the grid after reaching its Minimum Operating Limit following either (1) the last Settlement Interval of an hour in which the Generating Unit had a non-zero Day-Ahead Schedule or (2) the Settlement Interval in which the Generating Unit is expected to reach its Minimum Operating Limit based on the applicable Ramp Rate when the CAISO instructed the Generating Unit to Shut-Down. The amount of

Uninstructed Imbalance Energy exempted from the Uninstructed Deviation Penalty shall not exceed the amount of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band. This exception from the application of the Uninstructed Deviation Penalty does not apply to Dynamic System Resources.

- (w) UDP shall not apply to deviations by a Generating Unit that are attributable to any automatic response to a system disturbance, including a response to correct frequency decay, in accordance with Applicable Reliability Criteria for the duration of the system disturbance, and for an additional five (5) minutes when a Generating Unit's deviation is in the same direction as the mitigating frequency response.
- (x) The Uninstructed Deviation Penalty shall not apply in the event that a malfunction in a CAISO system application causes an infeasible Dispatch Instruction to be communicated or prevents timely communication of a Dispatch Instruction or a SLIC malfunction prevents a resource from reporting an event that affects the resource's ability to deliver Energy.
- (y) The Uninstructed Deviation Penalty shall not apply to a failure to comply with a manual Dispatch Instruction that is not confirmed by a Dispatch Instruction transmitted through the CAISO's Automated Dispatch System.
- (z) The Uninstructed Deviation Penalty shall not apply if a Dispatch Instruction is validated after the start time of the instruction from the Settlement Interval in which the Dispatch Instruction was first effective to the earliest Settlement Interval, inclusive, in which the resource is able to respond to the Dispatch Instruction.

* * *

The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, 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 charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Settlement Statements that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO.

The components of the Grid Management Charge will be included in an Initial Settlement Statement T+3B, and any Recalculation Settlement Statement with the other types of charges referred to in Section 11.

11.29.1 Billing And Payment Process Based On Settlement Statements

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+3B and the Recalculation Settlement Statements.

11.29.2 Time-Frame For Payments Or Charges

Payments or charges for the items referred to in Section 11.1.2 (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made four (4) Business Days after issuance of the Invoices and Payment Advices issued in accordance with Section 11.29.10.

Payments for FERC Annual Charges will be made in accordance with Section 11.19.

* * *

11.29.5.2 Right to Dispute

All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs shall have the right to dispute any item or calculation set forth in any Recalculation Settlement Statement T+12B (except Scheduling Coordinator Estimated Settlement Quality Meter Data or CAISO Estimated Settlement Quality Meter Data), Recalculation Settlement Statement T+55B, or Incremental Changes in Recalculation Settlement Statements T+9M, T+18M, and T+35M or Unscheduled Recalculation Settlement Statements

that it receives pursuant to Section 11.29.7.3 in accordance with this CAISO Tariff, but not those set forth in Initial Settlement Statement T+3B or Recalculation Settlement Statement T+36M.

* * *

11.29.7.1 Timing of the Settlements Process

The CAISO will publish: (i) Initial Settlement Statements T+3B on the third (3) Business Day from the relevant Trading Day (T+3B), (ii) Recalculation Settlement Statements T+12B on the twelfth (12) Business Day from the relevant Trading Day (T+12B), (iii) Recalculation Settlement Statements T+55B on the fifty-fifth (55) Business Day from the relevant Trading Day (T+55B), (iv) Recalculation Settlement Statements T+9M on the one-hundred and ninety-fourth (194) Business Day after the Trading Day, which is approximately nine (9) months after the Trading Day (T+9M) if necessary, (v) Recalculation Settlement Statements T+18M on the three hundred and eighty third (383) Business Day after the Trading Day, which is approximately eighteen (18) calendar months from the relevant Trading Day (T+18M) if necessary, (vi) Recalculation Settlement Statements T+35M on the seven hundred and thirty-seventh (737) Business Day after the Trading Day, which is approximately thirty-five (35) calendar months from the relevant Trading Day (T+35M) if necessary, (vii) Recalculation Settlement Statements T+36M on the seven hundred and fifty-ninth (759) Business Day after the Trading Day, which is approximately thirty-six (36) calendar months from the relevant Trading Day (T+36M) if necessary, and (viii) any Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3. The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any Unscheduled Recalculation Settlement Statement pursuant to Section 11.29.7.3 is issued for a Trading Day. The CAISO will notify affected Market Participants regarding failed or late publication of any Settlement Statements specified above and will rectify such failed or late publications pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+3B

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for validation an Initial Settlement Statement T+3B for each Trading Day within three (3)

Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Initial Settlement Statement T+3B will be solely based on CAISO Estimated Settlement Quality Meter Data in accordance with Section 11.1.4. The Initial Settlement Statement T+3B will include the following:

- (a) the amount payable or receivable by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge referred to in Section 11 for each Settlement Period in the relevant Trading Day;
- (b) the total amount payable or receivable by that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.29;
- (c) the components of each charge in each Settlement Period except for information contained in the Imbalance Energy report referred to in this Section 11.29.7.1.1; and
- (d) a breakdown of the components of the Imbalance Energy charge (the Imbalance Energy report).

11.29.7.1.2 Recalculation Settlement Statements

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO Recalculation Settlement Statements in accordance with the CAISO Tariff and the CAISO Payments Calendar. Recalculation Settlement Statements shall be in a format similar to that of the Initial Settlement Statement T+3B and shall include the same granularity of information provided in the Initial Settlement Statement T+3B as amended following the validation procedure.

11.29.7.1.3 Recalculation Settlement Statement – Bridge Period

For Trading Days April 1, 2009 through October 31, 2009, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.

The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period April 1, 2009 through October 31, 2009 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period April 1, 2009 through October 31, 2009.

To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.1.4 Bridge Period for Settlements Process Timeline Change

For Trading Days November 1, 2009 to September 30, 2011, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.

The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period November 1, 2009 through September 30, 2011 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period November 1, 2009 through September 30, 2011.

To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+3B and any Recalculation Settlement Statement shall constitute the basis for billing in accordance with this CAISO Tariff. The Initial Settlement Statement T+3B shall constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statements T+12B and T+55B shall constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+3B. Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO shall pay any net debit and shall be entitled to receive any net credit shown in an Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.

11.29.7.3 Unscheduled Recalculation Settlement Statements

11.29.7.3.1 Unscheduled Reissue Recalculation Settlement Statement

The CAISO shall issue an Unscheduled Reissue Recalculation Settlement Statement to correct a miscalculation that occurred on a Recalculation Settlement Statement T+9M or Recalculation Settlement Statement T+18 if the following criteria are met:

- The miscalculation occurred as a result of a CAISO data transfer error or other similar data processing error;

- The miscalculation was identified by the CAISO, Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO on a timely basis within the dispute timeline applicable to the Recalculation Settlement Statement; and
- The financial impact of the miscalculation on the market as a whole was greater than \$1,000,000 for the Trading Day.

The CAISO will issue a notice to advise the market that a miscalculation occurred and that it will be corrected in an Unscheduled Reissue Recalculation Settlement Statement. The CAISO will issue the Unscheduled Reissue Recalculation Settlement Statement no less than thirty (30) days after the date that the market notice was issued and will include the net adjustment amounts in the next available regularly scheduled invoice. Any miscalculation due to a CAISO data transfer error or other similar data processing error that does not meet the criteria set forth in this section will be corrected on the next Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+35M as appropriate.

11.29.7.3.2 Unscheduled Directed Recalculation Settlement Statements

The CAISO shall issue no Recalculation Settlement Statements other than Recalculation Settlement Statements T+12B; Recalculation Settlement Statements T+55B, Recalculation Settlement Statements T+9M, Recalculation Settlement Statements T+18M, Recalculation Settlement Statements T+35M, Recalculation Settlement Statements T+36M, and Unscheduled Reissue Recalculation Settlement Statements unless directed by the CAISO Governing Board or pursuant to a FERC order.

11.29.7.3.3 If an Unscheduled Directed Recalculation Settlement Statement is ordered by the CAISO Governing Board, the CAISO shall arrange to have the Recalculation Settlement Statement carried out as soon as is reasonably practicable following the CAISO Governing Board's order, subject to the availability of staff and computer time, compatible software, appropriate data and other resources.

11.29.7.3.4 The cost of an Unscheduled Directed Recalculation Settlement Statement shall be borne by the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO requesting it, unless an additional Recalculation Settlement Statement was needed due to a clerical oversight or error on the part of the CAISO staff.

11.29.7.3.5 Where an Unscheduled Directed Recalculation Settlement Statement indicates that the accounts of Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs should be debited or credited to reflect alterations to Settlements previously made under this CAISO Tariff, for those Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs affected by the additional Recalculation Settlement Statement, the CAISO shall reflect the amounts to be debited or credited in the next scheduled weekly Invoice or Payment Advice for the end of the month.

11.29.7.3.6 Unscheduled Directed Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities in accordance with Section 11.29.10.3.

* * *

11.29.8.2 Review of Initial Settlement Statement T+3B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Initial Settlement Statement T+3B that it receives. Because this settlement statement is solely based on CAISO Estimated Settlement Quality Meter Data and is not subject to dispute or exception, the Initial Settlement Statement T+3B shall be deemed financially binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates.

11.29.8.3 Validation of Recalculation Settlement Statements

11.29.8.3.1 Validation of Recalculation Settlement Statement T+12B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Recalculation Settlement Statement T+12B that it receives. The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have validated each Recalculation Settlement Statement T+12B unless it has raised a dispute or reported an exception within fourteen (14) Business Days from the date of issuance. Once validated, a Recalculation Settlement Statement T+12B shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs a Recalculation Settlement Statement.

The notice of dispute, if any, shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement T+12B, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim.

11.29.8.3.2 Validation of Recalculation Settlement Statement T+55B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Recalculation Settlement Statement T+55B that it receives. The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have validated each Recalculation Settlement Statement T+55B unless it has raised a dispute or reported an exception within twenty-two (22) Business Days from the date of issuance. Once validated, a Recalculation Settlement Statement T+55B shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs a subsequent Recalculation Settlement Statement.

The notice of dispute, if any, shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement T+55B, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim.

11.29.8.3.3 Validation of Additional Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall have the opportunity to review the Incremental Changes, including the CAISO's implementation of a prior accepted dispute, that appear on or are omitted from any Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3. The Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to have validated the Incremental Changes on each Recalculation Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within time periods set forth in Sections 11.29.8.4.1 through 11.29.8.4.6 from the date of issuance. Once validated, the Incremental Changes on a

Recalculation Settlement Statement T+9M , Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3 shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs an Unscheduled Recalculation Settlement Statement pursuant to Section 11.29.7.3.

The notice of dispute shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim. No disputes or exceptions are permitted for any items reflected on Recalculation Settlement Statement T+36M.

* * *

11.29.8.4.1 Dispute of Initial Settlement Statement T+3B Not Permitted

Because Initial Settlement Statement T+3B is solely based on CAISO Estimated Settlement Quality Meter Data, which will be reconciled to actual data on subsequent Recalculation Settlement Statements, no disputes or exceptions shall be permitted for any terms reflected on this settlement statement.

11.29.8.4.2 Dispute of Recalculation Settlement Statement T+12B

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit a dispute that identifies discrepancies or errors for any item in a Recalculation Settlement Statement T+12B, except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data, no later than fourteen (14) Business Days from the publication date of a Recalculation Settlement Statement T+12B. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+12B will be reflected in a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+12B, it may initiate a good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.3 Dispute of Recalculation Settlement Statement T+55B

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit a dispute that identifies discrepancies or errors for any item in a Recalculation Settlement Statement T+55B no later than twenty-two (22) Business Days after the publication date of the Recalculation Settlement Statement T+55B. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+55B will be reflected in a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+55B, it may initiate a good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.4 Dispute of Recalculation Settlement Statement T+9M

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes in a Recalculation Settlement Statement T+9M, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+9M, no later than twenty-two (22) Business Days after the publication date of the Recalculation Settlement Statement (T+9M). A dispute shall only be based on Incremental Changes between Recalculation Settlement Statement T+55B and Recalculation Settlement Statement T+9M. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+9M will be reflected on a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+9M, it may initiate good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.5 Dispute of Recalculation Settlement Statement T+18M

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+18M no later than twenty-two (22) Business Days after the publication data of the Recalculation Settlement Statement T+18M. A dispute shall only be based on Incremental Changes between the immediately preceding Recalculation Settlement Statement

for the given Trading Day and Recalculation Settlement Statement T+18M. Valid Disputes regarding data appearing on a Recalculation Settlement Statement T+18M will be reflected on a later Recalculation Settlement Statement. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+18M, it may initiate a good faith negotiation with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.6 Dispute of Recalculation Settlement Statement T+35M

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes in a Recalculation Settlement Statement T+35M, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+35M, no later than five (5) Business Days after the publication date of a Recalculation Settlement Statement T+35M. A dispute shall only be based on (i) Incremental Changes between the immediately preceding Recalculation Settlement Statement for the given Trading Day and Recalculation Settlement Statement T+35M, (ii) Meter Data issues identified through the audit process, or (iii) any good faith negotiation or dispute resolution settlement. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+35M will be reflected on the Recalculation Settlement Statement T+36M. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+35M, it may pursue the dispute only through the dispute resolution process set forth in Section 13.

11.29.8.4.7 No Dispute of Recalculation Settlement Statement T+36M

Recalculation Settlement Statement T+36M shall not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, or adjustment by CAISO, except as directed by the CAISO Governing Board or by an order of FERC. Nothing herein shall be construed to restrict the right of the CAISO or any Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO's to seek redress from FERC in accordance with the Federal Power Act.

11.29.8.4.8 Unscheduled Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes on an Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3 no later than twenty-two (22) Business Days after the publication date of the Unscheduled Recalculation Settlement Statement. A dispute shall only be based on Incremental Changes between the Unscheduled Recalculation Settlement Statement and prior applicable Recalculation Settlement Statement. Valid Disputes regarding data appearing on an Unscheduled Recalculation Settlement Statement will be reflected on a later Recalculation Settlement Statement. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on an Unscheduled Recalculation Settlement Statement, it may initiate a good faith negotiation with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.9 Recurring Disputes or Exceptions

A Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may request the CAISO to treat as recurring a dispute or exception raised in accordance with Sections 11.29.8.1 and 11.29.8.3 above, if a dispute or exception would apply to Recalculation Settlement Statements for subsequent Trading Days as permitted by Section 11.29.8.4. A request for recurring treatment may be made for any valid reason provided that Recalculation Settlement Statements for subsequent Trading Days would be affected, including, but not limited to, that the disputed calculation will recur, or that a disagreement as to policy will affect calculations in subsequent Recalculation Settlement Statements. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO wishes to request that the CAISO treat a dispute as recurring, it shall, in the notice, clearly indicate that it requests such treatment and set forth in detail the reasons that support such treatment. To the extent possible, the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall state the types of charges and dates to which the dispute will apply, and provide estimates of the amounts that will likely be claimed on each date.

The CAISO shall make a determination on such a request within five (5) Business Days of receipt. To preserve its right to dispute an item, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must continue to raise a dispute or report an exception until it is notified by the CAISO

that the CAISO agrees to treat the dispute or exception as recurring. If the CAISO grants a request to treat a dispute or exception as recurring, the dispute raised or exception reported by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to apply to every subsequent Recalculation Settlement Statement provided to the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO from the date that the CAISO grants the request for recurrent treatment until: a) ninety (90) days have elapsed, unless the CAISO indicates a different expiration date on its response to the request, in which case the expiration date shall be as stated by the CAISO in its response or b) the dispute or exception is resolved, whichever is shorter. The CAISO may deny a request that the CAISO treat a dispute as recurring for any valid reason, including because the request is not adequately specific as to the basis for recurring treatment or the subsequent calculations that will be affected.

11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on a Recalculation Settlement Statement T+12B, Recalculation Settlement Statement T+55B, Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, or Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3. The CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than thirty-one (31) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.
- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and

provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.

- (c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within thirty-one (31) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) a Recalculation Settlement Statement T+12B, Recalculation Settlement Statement T+55B, or Recalculation Settlement Statement T+9M, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M and an Unscheduled Recalculation Settlement Statement, no later than thirty-three (33) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

* * *

11.29.10 Billing And Payment

The CAISO shall prepare and send to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO an Invoice or Payment Advice on Wednesday of each week. If Wednesday falls on a CAISO holiday, the CAISO will issue the Invoice or Payment Advice on the next Business Day. Each Invoice or Payment Advice will show amounts which are to be paid by or to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, the Payment Date, being the date on which such

amounts are to be paid or received, and details of the CAISO Clearing Account to which any amounts owed by or to Scheduling Coordinators, CRR Holder, Black Start Generator or Participating TO are to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice or Payment Advice (except for the charges payable under long-term contracts) for each Trading Day shall be made four (4) Business Days after the date on which the weekly Invoice or Payment Advice is issued. If the fourth (4) Business Day after an Invoice or Payment Advice is issued falls on a CAISO holiday, then the Payment Date for the Invoice or Payment Advice shall be the next Business Day.

11.29.10.1 Billing Periods

Each Invoice or Payment Advice will include (i) the initial Settlement Statements T+3B for the Trading Days of Monday through Sunday in the previous week, (ii) Recalculation Settlement Statements T+12B for the same Trading Days as the Initial Settlement Statements T+3B, and (iii) other billing periods as provided in the CAISO Payments Calendar. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled Invoice or Payment Advice. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes between Initial Settlement Statement T+3B and Recalculation Settlement Statement T+12B, and thereafter to any Incremental Changes between each subsequent Recalculation Settlement Statement through Recalculation Settlement Statement T+36M. Interest will be calculated on a daily basis and will apply from the Payment Date for the Invoice of Payment Advice to the Payment Date for the next Recalculation Settlement Statement. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

* * *

11.29.23 Communications

The Initial Settlement Statement T+3B, any Recalculation Settlement Statement, and Invoices, and Payment Advices will be considered issued to CAISO Creditors or CAISO Debtors when released by the CAISO's secure communication system. Communications on a Payment Date relating to payment shall be made by the fastest practical means including by telephone. If there is a failure of a communication system and it is not possible to communicate by electronic means, then the CAISO or CAISO Creditor or CAISO Debtor, as the case may be, shall communicate by facsimile but only if the recipient is first advised by telephone to expect the facsimile. Methods of communication between the CAISO and Market Participants may be varied by the CAISO giving not less than ten (10) days notice to Market Participants on the CAISO's secure communication system.

* * *

11.29.24.1 Preparation

In September of each year, the CAISO will prepare a draft CAISO Payments Calendar for the following calendar year showing for each Trading Day:

- (a) The date by which Scheduling Coordinators are required to provide Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for all their Scheduling Coordinator Metered Entities for each Settlement Period in the Trading Day;
- (b) The date on which the CAISO will issue Initial Settlement Statements T+3B and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (c) The date on which the CAISO will issue the Recalculation Settlement Statements T+12B; T+55B, T+9M, T+18M, T+35M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;

- (d) The dates by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Recalculation Settlement Statements T+12B,, T+55B, T+9M, T+18M and T+35M.
- (e) The date and time by which CAISO Debtors are required to have made payments into the CAISO Clearing Account in payment of Invoices for that Trading Day;
- (f) The dates and times on which CAISO Creditors will receive payments from the CAISO Clearing Account of amounts owing to them for that Trading Day; and
- (g) In relation to Reliability Must-Run Charges and RMR Payments, the details set out in paragraph 3 of Appendix N, Part J.

The CAISO will make a draft of the CAISO Payments Calendar available on the CAISO Website to Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners any of which may submit comments and objections to the CAISO within two weeks of the date of posting of the draft on the CAISO Website. No later than October 31st in each year, the CAISO will publish the final CAISO Payments Calendar for the following calendar year, after considering the comments and objections received from Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners. The final CAISO Payments Calendar will be posted on the CAISO Website, and will show for the period from 1 January to 31 December in the next succeeding year (both dates inclusive), the dates on which Settlement Statements shall be published by the CAISO and the Payment Dates on which the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

* * *

26.1.4.4 Information Required from Scheduling Coordinators

Scheduling Coordinators for Wheeling Out or Wheeling Through transactions to a Bulk Supply Point, or other point of interconnection between the CAISO Controlled Grid and the transmission system of a Non-Participating TO, that are located within the CAISO Balancing Authority Area, shall provide the CAISO, by

eight (8) Business Days after the Trading Day (T+8B), details of such transactions (other than transactions submitted as Self-Schedules pursuant to Existing Contracts) sorted by Bulk Supply Point or point of interconnection for each Settlement Period (including kWh for each transaction). The CAISO shall use such information, which may be subject to review by the CAISO, to settle Wheeling Access Charges and payments. The CAISO shall publish a list of the Bulk Supply Points or interconnection points to which this Section 26.1.4.4 applies together with details of the electronic form and procedure to be used by Scheduling Coordinators to submit the required information on the CAISO Website.

* * *

37.5.2 Inaccurate or Late Actual SQMD

37.5.2.1 Expected Conduct

Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than forty-eight (48) Business Days after the Trading Day (T+48B). Failure either to submit complete and accurate Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with complete and accurate Actual Settlement Quality Meter Data by T+48B is late Actual Settlement Quality Meter Data and shall be a violation of this rule. The failure to provide complete and accurate Actual Settlement Quality Meter Data, as required by Section 10.3.6 that causes an error to exist in such Settlement Quality Meter Data after forty-eight (48) Business Days after the Trading Day (T+48B) shall be a violation of this rule. Scheduling Coordinators that fail to submit Scheduling Coordinator Estimated Settlement Quality Meter Data that is complete and based on a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period as required by Section 10 shall be a violation of this rule and may be referred to DMM for investigation.

* * *

37.8.10 Review Of Determination

A Market Participant that receives a Sanction may obtain immediate review of the CAISO's determination by directly appealing to FERC, in accordance with FERC's rules and procedures. In such case, the applicable Scheduling Coordinator shall also dispute the Recalculation Settlement Statement containing

the financial penalty, in accordance with Section 11. The Recalculation Settlement Statement dispute and appeal to FERC must be made in accordance with the timeline for raising disputes specified in Section 11.29.8. The penalty will be tolled until FERC renders its decision on the appeal. The disposition by FERC of such appeal shall be final, and no separate dispute of such Sanction may be initiated under Section 13, except as provided in Section 37.9.3.4. For the purpose of applying the time limitations set forth in Section 37.10.1, a Sanction will be considered assessed when it is included on a Recalculation Settlement Statement, whether or not the CAISO accepts a Scheduling Coordinator's dispute of such Recalculation Settlement Statement pending resolution of an appeal to FERC in accordance with this section or Section 37.9.3.3.

* * *

37.9.3.1 Settlement Statements

The CAISO will administer any penalties issued under this Section 37 through Recalculation Settlement Statements, as relevant, issued to the responsible Scheduling Coordinator by the CAISO. Before invoicing a financial penalty through the Settlement process, the CAISO will provide a description of the penalty to the responsible Scheduling Coordinator and all Market Participants the Scheduling Coordinator represents that are liable for the penalty, when the CAISO has sufficient objective information to identify and verify responsibility of such Market Participants. The description shall include the identity of the Market Participant that committed the violation and the amount of the penalty.

* * *

37.11.1 Inaccurate or Late Actual SQMD Penalty

There is no Sanction for the submission of inaccurate or late Actual Settlement Quality Meter Data used for a Recalculation Settlement Statement T+ 12B. However, failure by a Scheduling Coordinator, under a specific SCID, to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) for one or more scheduled Resource IDs for a given Trading Day is late Actual Settlement Quality Meter Data and constitutes a Rule of Conduct violation. The Sanction is \$1,000 and the Scheduling Coordinator is required to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.4 for Recalculation Settlement Statement T+9M. Where a Scheduling

Coordinator fails to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by T+48B for at one or more scheduled Resource IDs for a given Trading Day and that Scheduling Coordinator also fails to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.3 for Recalculation Settlement Statement T+9M, then the Scheduling Coordinator shall also be levied a Sanction of \$3,000. The submission by a Scheduling Coordinator of Actual Settlement Quality Meter Data that causes an error to exist in such Actual Settlement Quality Meter Data after T+48B shall constitute inaccurate Actual Settlement Quality Meter Data and is a Rule of Conduct violation. The Sanction is \$1,000. All violations of this Section 37.11.1 shall be found per SCID per Trading Day and all Sanctions assessed under this Section 37.11.1 shall be levied per SCID per Trading Day. Accordingly, for any given trade date, one Scheduling Coordinator may be found to have committed multiple violations of, and may be assessed multiple Sanctions under, this Section 37.11.1.

37.11.2 Inaccurate Actual SQMD Penalty Without Recal. Sett. Stmt.

If the CAISO does not perform a Recalculation Settlement Statement or re-run, for cases of inaccurate Actual Settlement Quality Meter Data, the penalty will be a market adjustment and a Sanction. The Sanction shall be \$1,000. The market adjustment approximates the financial impact on the market; however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made but the Sanction of \$1,000 still shall be levied.

For the market adjustment, the applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.

APPENDIX J

GRANDFATHERED METERING AND SETTLEMENT PROVISIONS FOR TRADING DAYS PRIOR TO OCTOBER 1, 2011

1. Grandfathering of Metering and Settlement Provisions for Trading Days Prior to October 1, 2011.

Notwithstanding any other provisions of the CAISO Tariff the following provisions shall apply to transactions conducted prior to October 1, 2011. In all other respects, the CAISO Tariff, including the provisions of Sections 10, 11, and 37 not covered by this Appendix J, will apply to transactions that occurred prior to October 1, 2011.

10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within five (5) Business Days from the Trading Day (T+5B) and will be used in the Initial Settlement Statement T+7B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at noon on the fifth Business Day after the Trading Day (T+5B) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the Initial Settlement Statement T+7B calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-three (43) calendar days from the Trading Day (T+43C) and will be used in the Recalculation Settlement Statement T+38B calculation.

10.3.6 Settlement Quality Meter Data Submission

Scheduling Coordinators shall submit to the CAISO Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data, as provided in Section 10.3.6.1(a), for Scheduling Coordinator Metered Entities they represent for each Settlement Period in an Operating Day according to the timelines established in Section 10.3.6.1 and the CAISO Payments Calendar and as provided in the applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data (actual and Scheduling Coordinator estimated) on demand as provided in the applicable Business Practice Manual.

10.3.6.1 Timing of Settlement Quality Meter Data Submission for Calculation of Initial Settlement Statement T+7B.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent

to the CAISO no later than noon on the fifth Business Day after the Trading Day (T+5B) for the Initial Settlement Statement T+7B calculation. Scheduling Coordinators cannot submit Estimated Settlement Quality Meter Data for Proxy Demand Resources.

- (a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.
- (a) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity within five (5) Business Days from the Trading Day (T+5B), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation, excluding a Proxy Demand Resource, for use in the Initial Settlement Statement T+7B calculation, as provided in Section 11.1.5.

10.3.6.2 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-third (43) calendar day after the Trading Day (T+43C) for the Recalculation Settlement Statement T+38B. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+7B pursuant to Section 10.3.6.1 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+38B no later than the forty-third (43) calendar day after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-three (43) calendar days after the Trading Day (T+43C), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.
- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.
- (c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to

provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

10.3.6.3 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statements after the Recalculation Settlement Statement T+38B

Scheduling Coordinators may continue to submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statements subsequent to the Recalculation Settlement Statement T+38B according to timelines established in the CAISO Payments Calendar. Provided, however, that Scheduling Coordinators submitting Actual Settlement Quality Meter Data more than forty-three (43) calendar days after the Trading Day (T+43C) have failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

11.29 Billing And Payment Process

The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, 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 charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Settlement Statements that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO.

The components of the Grid Management Charge will be included in an Initial Settlement Statement T+7B, and any Recalculation Settlement Statement with the other types of charges referred to in Section 11.

11.29.1 Billing And Payment Process Based On Settlement Statements

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+7B and the Recalculation Settlement Statements.

11.29.2 Time-Frame For Payments Or Charges

Payments or charges for the items referred to in Section 11.1.2 (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after issuance of the Invoices and Payment Advices issued in accordance with Section 11.29.10. Payments for FERC Annual Charges will be made in accordance with Section 11.19.

11.29.5 General Principles For Production Of Settlement Statements

11.29.5.1 Basis of Settlement

The basis of each Settlement Statement shall be the debiting or crediting of an account in the name of the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO in the general ledger set up by the CAISO to reflect all transactions, charges or payments settled by the CAISO.

11.29.5.2 Right to Dispute

All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs shall have the right to dispute any item or calculation set forth in any Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Incremental Changes in Recalculation Settlement Statements T+76B, T+18M, and T+35M in accordance with this CAISO Tariff, but not those set forth in Recalculation Settlement Statement T+36M.

11.29.7 Settlements Cycle

11.29.7.1 Timing of the Settlements Process

The CAISO will publish: (i) Initial Settlement Statements T+7B on the seventh Business Day from the relevant Trading Day (T+7B), (ii) Recalculation Settlement Statements on the thirty-eighth Business Day from the relevant Trading Day (T+38B), (iii) Recalculation Settlement Statements on the seventy-sixth

Business Day after the Trading Day (T+76B), (iv) Recalculation Settlement Statements on the Business Day eighteen (18) calendar months from the relevant Trading Day (T+18M) if necessary, (v) Recalculation Settlement Statements on the Business Day thirty-five (35) calendar months from the relevant Trading Day (T+35M) if necessary, (vi) Recalculation Settlement Statements on the Business Day thirty-six (36) calendar months from the relevant Trading Day (T+36M) if necessary, and (v) any other Recalculation Settlement Statement authorized under Section 11.29.7.3. The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day. The CAISO will notify affected Market Participants regarding failed or late publication of any Settlement Statements specified above and will rectify such failed or late publications pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+7B

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for validation an Initial Settlement Statement T+7B for each Trading Day within seven (7) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Initial Settlement Statement T+7B will be produced using available Settlement Quality Meter Data (either actual or estimated) and CAISO Estimated Settlement Quality Meter Data. The Initial Settlement Statement T+7B will include the following:

- (a) the amount payable or receivable by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge referred to in Section 11 for each Settlement Period in the relevant Trading Day;
- (b) the total amount payable or receivable by that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.29; and
- (c) the components of each charge in each Settlement Period except for information contained in the Imbalance Energy report referred to in this Section 11.29.7.1.1; and
- (d) a breakdown of the components of the Imbalance Energy charge (the Imbalance Energy report).

11.29.7.1.2 Recalculation Settlement Statements

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO Recalculation Settlement Statements in accordance with the CAISO Tariff and the CAISO Payments Calendar. Recalculation Settlement Statements shall be in a format similar to that of the Initial Settlement Statement T+7B and shall include the same granularity of information provided in the Initial Settlement Statement T+7B as amended following the validation procedure.

11.29.7.1.3 Recalculation Settlement Statement – Bridge Period

For Trading Days April 1, 2009 through October 31, 2009, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.

The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period April 1, 2009 through October 31, 2009 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period April 1, 2009 through October 31, 2009.

To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+7B and any Recalculation Settlement Statement shall constitute the basis for billing in accordance with this CAISO Tariff. The Initial Settlement Statement T+7B shall constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statement T+38B shall constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+7B. Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO shall pay any net debit and shall be entitled to receive any net credit shown in an Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.

11.29.7.2.1 Elimination of Invoices under \$10.00

Invoices and Payment Advices due to or from any Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for amounts less than \$10.00 will be adjusted to \$0.00 and no amount will be due to or from that Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for that Invoice or Payment Advice.

11.29.7.3 Additional Recalculation Settlement Statements

The CAISO shall issue no Recalculation Settlement Statements other than to Recalculation Settlement Statements T+38B, Recalculation Settlement Statements T+76B, Recalculation Settlement Statements T+18M, Recalculation Settlement Statements T+35M, and Recalculation Settlement Statements T+36M, unless directed by the CAISO Governing Board or pursuant to a FERC order.

11.29.7.3.1 If an additional Recalculation Settlement Statement is ordered by the CAISO Governing Board, the CAISO shall arrange to have the Recalculation Settlement Statement carried out as soon as is reasonably practicable following the CAISO Governing Board's order, subject to the availability of staff and computer time, compatible software, appropriate data and other resources.

11.29.7.3.2 The cost of an additional Recalculation Settlement Statement shall be borne by the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO requesting it, unless an additional Recalculation Settlement Statement was needed due to a clerical oversight or error on the part of the CAISO staff.

11.29.7.3.3 Where an additional Recalculation Settlement Statement indicates that the accounts of Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs should be debited or credited to reflect alterations to Settlements previously made under this CAISO Tariff, for those Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs affected by the additional Recalculation Settlement Statement, the CAISO shall reflect the amounts to be debited or credited in the next scheduled semi-monthly Invoice or Payment Advice for the end of the month.

11.29.7.3.4 Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities in accordance with Section 11.29.10.3.

11.29.8 Confirmation And Validation

11.29.8.1 Confirmation

It is the responsibility of each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO to notify the CAISO if it fails to receive a Settlement Statement on the date specified for the publication of such Settlement Statement in the CAISO Payments Calendar. Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have received its Settlement Statement on the dates specified, unless it notifies the CAISO to the contrary.

11.29.8.2 Validation of Initial Settlement Statement T+7B and Recalculation Settlement Statement T+38B

11.29.8.3 Validation of Additional Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall have the opportunity to review the Incremental Changes, including the CAISO's implementation of a prior accepted dispute, that appear on or are omitted from any Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+35M that it receives. The Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to have validated the Incremental Changes on each Recalculation Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within time periods set forth in Sections 11.29.8.4.1 through 11.29.8.4.6 from the date of issuance. Once validated, the Incremental Changes on a Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M, or Recalculation Settlement Statement T+35M shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs an additional Recalculation Settlement Statement pursuant to Section 11.29.7.3.

The notice of dispute shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim. The only Recalculation Settlement Statement that cannot be disputed is Recalculation Settlement Statement T+36M.

11.29.8.4 Disputes or Exceptions

11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than twenty (20) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.
- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation

Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.

- (c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within twenty (20) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M, no later than thirty-three (33) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

11.29.10 Billing And Payment

The CAISO shall prepare and send to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO two Invoices or Payment Advices for each billing period in each calendar month. There are two (2) billing periods in each calendar month. The first billing period is from the first to the fifteenth day of the month and second billing period is from the sixteenth to the last of day of the month. The CAISO will publish Invoices and Payment Advices for the first semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the fifteenth day of the month. The CAISO will publish Invoices and Payment Advices for the second semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the end of the month. Each Invoice or Payment Advice will show amounts which are to be paid by or to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, the Payment Date, being the date on which such amounts are to be paid or received, and details of the CAISO Clearing Account to which any amounts owed by or to Scheduling Coordinators, CRR Holder, Black Start Generator or Participating TO are to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice or Payment Advice (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after the date on which the semi-monthly Invoice or Payment Advice is issued.

11.29.10.1 Billing Periods

Each Invoice or Payment Advice will include one (1) semi-monthly billing period and up to five (5) other billing periods. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled semi-monthly Invoice or Payment Advice for the end of the month. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes through Recalculation Settlement Statement T+36M. Interest will be calculated separately for the billing period from the first to the fifteenth day of the month and for the billing period from the sixteenth to the last of day of the month. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

11.29.10.3 Other Invoicing Provisions

The Invoices or Payment Advices will also include the total charges for each component of the Grid Management Charge, the total charges associated with any Interest for each relevant Trading Month, the FERC Annual Charges due monthly, as well as any disbursements associated with a shortfall receipt distribution.

A separate Invoice for the FERC Annual Charges due annually will be issued by the CAISO to the Scheduling Coordinator in accordance with Section 11.19.1.2. The CAISO will issue separate Invoices for NERC/WECC Charges as described in Section 11.20.

A separate Invoice for a shortfall allocation will be issued by the CAISO to Scheduling Coordinators in the event of a payment default in accordance with Section 11.29.17.1.

In the event of an allocation of a payment default in accordance with Section 11.29.17.2, the CAISO may either issue separate Invoices to Default-Invoiced SCIDs pursuant to Section 11.29.17.2.1 or to SCIDs pursuant to Section 11.29.17.2.2, as applicable, or may issue Invoices through its standard invoicing process that include the allocation of the payment default.

Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities. The CAISO shall provide a Market Notice at least five (5) Business Days prior to such invoicing identifying the components of such Invoice or Payment Advice.

11.29.10.4 Emergency Procedures

11.29.10.5 Use of Estimated Data

In the event of an emergency or a failure of any of the CAISO software or business systems, the CAISO may use estimated Settlement Statements and Invoices and Payment Advices and may implement any temporary variation of the timing requirements relating to the Settlement and billing process contained in the CAISO Tariff. Details of the variation and the method chosen to produce estimated data, Settlement Statements and Invoices and Payment Advices will be published on the CAISO Website.

11.29.21.2 Evidence of Unpaid Amount

The CAISO shall, on request, certify in writing the amounts owed by a CAISO Debtor that remain unpaid and the CAISO Creditors to whom such amounts are owed and shall provide certified copies of the relevant Initial Settlement Statement T+7B and the Recalculation Settlement Statements, Invoices, Payment Advices, and other documentation on which the CAISO's certificate was based to the CAISO Debtor and the relevant CAISO Creditors. A CAISO certificate given under this Section 11.29.21.2 may be used as prima facie evidence of the amount due by a CAISO Debtor to CAISO Creditors in any legal proceedings.

11.29.23 Communications

The Initial Settlement Statement T+7B, any Recalculation Settlement Statement, and Invoices, and Payment Advices will be considered issued to CAISO Creditors or CAISO Debtors when released by the CAISO's secure communication system. Communications on a Payment Date relating to payment shall be made by the fastest practical means including by telephone. If there is a failure of a communication system and it is not possible to communicate by electronic means, then the CAISO or CAISO Creditor or CAISO Debtor, as the case may be, shall communicate by facsimile but only if the recipient is first advised by telephone to expect the facsimile. Methods of communication between the CAISO and Market Participants may be varied by the CAISO giving not less than ten (10) days notice to Market Participants on the CAISO's secure communication system.

11.29.24.1 Preparation

In September of each year, the CAISO will prepare a draft CAISO Payments Calendar for the following calendar year showing for each Trading Day:

- (a) The date by which Scheduling Coordinators are required to provide Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for all their Scheduling Coordinator Metered Entities for each Settlement Period in the Trading Day;
- (b) The date on which the CAISO will issue Initial Settlement Statements T+7B and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (c) The date by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Initial Settlement Statements T+7B pursuant to Section 11.29.8.2;
- (d) The date on which the CAISO will issue the Recalculation Settlement Statements T+38B, T+76B, T+18M, T+35M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (e) The dates by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Recalculation Settlement Statements T+38B, T+76B, T+18M and T+35M.
- (f) The date and time by which CAISO Debtors are required to have made payments into the CAISO Clearing Account in payment of Invoices for that Trading Day;
- (g) The dates and times on which CAISO Creditors will receive payments from the CAISO Clearing Account of amounts owing to them for that Trading Day; and
- (h) In relation to Reliability Must-Run Charges and RMR Payments, the details set out in paragraph 3 of Appendix N, Part J.

The CAISO will make a draft of the CAISO Payments Calendar available on the CAISO Website to Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners any of which may submit comments and objections to the CAISO within two weeks of the date of posting of the draft on the CAISO Website. No later than October 31st in each year, the CAISO will publish the final CAISO Payments Calendar for the following calendar year, after considering the comments and objections received from Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners. The final CAISO Payments Calendar will be posted on the CAISO Website, and will show for the period from 1 January to 31 December in the next succeeding year (both dates inclusive), the dates on which Settlement Statements shall be published by the CAISO and the Payment Dates on which the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

37.5.2 Inaccurate Meter Data

37.5.2.1 Expected Conduct

Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than forty-three (43) calendar days after the Trading Day (T+43C). The failure to provide complete and accurate Settlement Quality Meter Data, as required by Section 10.3.6 that causes an error to exist in such Settlement Quality Meter Data after forty-three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule. Scheduling Coordinators that fail to submit Scheduling Coordinator Estimated Settlement Quality Meter Data that is

complete and based on a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period as required by Section 10 and that results in an error that is discovered after forty three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule.

37.5.2.2 Sanctions

Violations under this Section 37.5.2 shall be subject to Sanction described in Section 37.11.

37.5.2.3 Disposition of Sanction Proceeds

For purposes of redistributing collected market adjustments, any amounts collected under this provision shall be applied first to those parties affected by the conduct. Any excess amounts shall be disposed of as set forth in Section 37.9.4.

37.11 Method For Calculating Penalties

37.11.1 Method For Calculating Inaccurate Meter Data Penalty

There is no Sanction for the submission of inaccurate Meter Data used for an Initial Settlement Statement T+ 7B. However, an error in submitted Meter Data that exists after forty three (43) calendar days after the Trading Day (T+43C) constitutes a Rule of Conduct violation. The level of the Sanction depends on whether the Scheduling Coordinator or the CAISO discovered the error. An increased penalty will apply for errors that are discovered by the CAISO.

Table A1 below shows how the level of the Sanction depends on the following factors: whether or not the Scheduling Coordinator finds the error; whether or not the Scheduling Coordinator owes the market, and whether or not the CAISO performs a re-run of the market or produces a Recalculation Settlement Statement. If the CAISO issues a Recalculation Settlement Statement or performs a re-run, then Settlement to all Scheduling Coordinators is recalculated, and the impact of such re-runs on charges assessed will be considered. A penalty charge equal to thirty (30) percent of the estimated value of the Energy error will apply if the Scheduling Coordinator discovers the error or seventy-five (75) percent of the estimated value of the Energy error if the CAISO discovers the error. Penalty assessment and disposition of penalty proceeds will be administered as described in Section 37.9.1 and Section 37.9.4 respectively. A Sanction will not be imposed unless such Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.

Table A1 – Calculation of Inaccurate Meter Data Penalty When There Is A Recalculation Settlement Statement or re-run Case	Does SC Owe Market?	
Case 1: SC Identifies Inaccurate Meter Data	Yes	Penalty = (MWh x applicable price) x 0.30

Case 1: SC Identifies Inaccurate Meter Data	No	Penalty = (MWh x applicable price) x 0.30
Case 2: CAISO Identifies Inaccurate Meter Data	Yes	Penalty = (MWh x applicable price) x 0.75
Case 2: CAISO Identifies Inaccurate Meter Data	No	Penalty = (MWh x applicable price) x 0.75

Note to Table A1:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the values posted on OASIS for each Trading Hour of the applicable Trading Day period.

2. Method for Calculating Inaccurate Meter Data Penalty When there is not a Recalculation Settlement Statement or re-run.

If the CAISO does not perform a Recalculation Settlement Statement or re-run, for cases of inaccurate Meter Data, Table A2 will be used to determine and allocate penalty and any market adjustment amount. The market adjustment approximates the financial impact on the market; however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. The thirty (30) percent or seventy-five (75) percent penalty will be distributed as discussed in Section 37.9.4. For cases where the CAISO does not perform a Recalculation Settlement Statement or re-run and the Scheduling Coordinator does not owe the market, then no market adjustment will be performed and no penalty will be assessed.

TABLE A2- Calculation Of Inaccurate Meter Data Penalty When There Is Not a Recalculation Settlement Statement or re-run Case	Does SC Owe Market?	CAISO does not perform a Recalculation Settlement Statement or re-run
Case 1: SC Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price)) x 0.30

Case 1: SC Identifies Inaccurate Meter Data	No	No market adjustment will be made
Case 2: CAISO Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price) x 0.75
Case 2: CAISO Identifies Inaccurate Meter Data	No	No market adjustment will be made

Notes to Table A2:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.

A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.

If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made and no penalty will be assessed. If the CAISO produces a Recalculation Settlement Statement or performs a re-run after the error is corrected, then the Scheduling Coordinator will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to a Recalculation Settlement Statement or re-run, then a Sanction will be assessed to assure that Recalculation Settlement Statements or re-runs do not diminish the incentive to correct such errors. This Sanction would be thirty (30) percent of the Energy value of the error if the Scheduling Coordinator discovers the error or seventy-five (75) percent estimated value of the error if the CAISO discovers the error.

If the error is to the detriment of the market, then a charge equal to thirty (30) percent or seventy-five (75) percent of the estimated value of the error, as appropriate, will be added to the charge for the Energy. If there is no Recalculation Settlement Statement or re-run, then the cost of Energy supplied by the CAISO (and inappropriately charged to the market as Unaccounted for Energy) must be recovered as well, and the charge will be equal to one hundred thirty (130) percent or one hundred seventy-five (175) percent of the estimated value of the error, as appropriate.

2. Definitions

As used in this Appendix J, the capitalized terms defined below shall have the definitions specified in this Section 2. All other capitalized terms shall have the meaning specified in the Master Definition Supplement in Attachment A.

- Incremental Change

The change in dollar value of a specific Charge Code from the Initial Settlement Statement T+7B to a subsequent Recalculation Settlement Statement including any new Charge Codes or Trading Day charges appearing for the first time on a Settlement Statement.

- Recalculation Settlement Statement

The recalculation of a Settlement Statement in accordance with the provisions of the CAISO Tariff, which includes the Recalculation Settlement Statement T+38B, the Recalculation Settlement Statement T+76B, the Recalculation Settlement Statement T+18M, the Recalculation Settlement Statement T+35M, the Recalculation Settlement Statement T+36M or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

- Recalculation Settlement Statement T+76B

The reissue of an Initial Settlement Statement T+7B or a Recalculation Settlement Statement T+38B by the CAISO on the seventy-sixth (76th) Business Day from the relevant Trading Day (T+76B).

- Settlement Statement

Any one of the following: Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment B – Marked Tariff

Settlement Process Timeline Change Amendment

August 1, 2011

Yellow highlighted language shows changes proposed by the California ISO in its June 30, 2011 Credit Reform compliance filing in docket no. ER11-3973-000. The language proposed in the compliance filing is shown for informational purposes. The blacklines in the current filing together with the yellow highlighted language from the compliance filing comprise the package of changes the ISO is proposing to the settlements process timeline.

10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within five (5) Business Days from the Trading Day (T+5B) and will be used in the **Recalculation Initial** Settlement Statement T+~~12B7B~~ calculation.
- In the event that Revenue Quality Meter Data remains unavailable at ~~noon-midnight~~ on the ~~eighth (8)th~~ Business Day after the Trading Day (T+~~8B5B~~) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the **Recalculation Initial** Settlement Statement T+~~12B7B~~ calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-~~eight (48)th~~ ~~(43) calendar-d~~Business Days from the Trading Day (T+~~43B6C~~) and will be used in the Recalculation Settlement Statement T+~~55B38B~~ calculation.

* * *

10.3.6 Settlement Quality Meter Data Submission

Scheduling Coordinators shall submit to the CAISO Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data, as provided in Section 10.3.6.24(a), for Scheduling Coordinator Metered Entities they represent for each Settlement Period in an Operating Day according to

the timelines established in Section 10.3.6.24 and the CAISO Payments Calendar and as provided in the applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data (actual and Scheduling Coordinator estimated) on demand as provided in the applicable Business Practice Manual.

10.3.6.1 No Meter Data Submission for Initial Settlement Statement T+3B

Because Initial Settlement Statement T+3B is solely based on CAISO Estimated Settlement Quality Meter Data for metered Demand and Generation, Scheduling Coordinators cannot submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the entities they represent for purposes of the Initial Settlement Statement T+3B calculation.

10.3.6.24 Timing of ~~Settlement Quality Meter Data SQMD~~ Submission for Calculation of ~~RecalculationInitial~~ Settlement Statement T+~~12B7B~~.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than ~~noon-midnight~~ on the eight (8)~~ffth~~ Business Day after the Trading Day (T+~~8B5B~~) for the ~~RecalculationInitial~~ Settlement Statement T+~~12B7B~~ calculation. Scheduling Coordinators ~~cannot~~ submit Estimated Settlement Quality Meter Data for ~~Proxy-Demand~~ Response Resources.

- (a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.

- (b) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity within eight (8)~~five (5)~~ Business Days from the Trading Day (T+~~8B5B~~), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding

metered Demand and/or Generation, ~~including a Proxy Demand response~~ Resources, for use in the ~~Initial Recalculation~~ Settlement Statement T+~~12B7B~~ calculation, as provided in Section 11.1.5.

10.3.6.~~32~~ Timing of ~~Settlement Quality Meter Data SQMD~~ Submission for Recalculation Settlement Statement T+~~55B38B~~

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-~~eight (48) Business Day~~~~third (43) calendar day~~ after the Trading Day (T+~~48B43C~~) for the Recalculation Settlement Statement T+~~55B calculation.38B~~. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the ~~Recalculation~~**Initial** Settlement Statement T+~~12B7B~~ pursuant to Section 10.3.6.~~24~~ may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+~~55B38B~~ no later than the forty-~~eight (48) Business Day~~~~third (43) calendar day~~ after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B43C~~), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.
- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B43C~~) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.

(c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement ~~T+55B~~ calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B43C~~) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B43C~~) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

10.3.6.43 ~~Timing of Settlement Quality Meter Data SQMD Submission for Recalculation Settlement Statements after the Recalculation Settlement Statement T+9M38B~~

Scheduling Coordinators may ~~continue to~~ submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO, during the period from one-hundred and sixty-eight Business Days after the Trading Day (T+168B) to one-hundred and seventy-two Business Days after the Trading Day (T+172B) for use in Recalculation Settlement ~~Statement T+9M. Statements subsequent to the Recalculation Settlement Statement T+38B according to timelines established in the CAISO Payments Calendar. Provided, however, that~~ Scheduling Coordinators submitting Actual Settlement Quality Meter Data during the period, from T+168B to T+172B, which is more than forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B43C~~) have failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. Any Actual Settlement Quality Meter Data that is submitted by a

Scheduling Coordinator after the T+48B meter data submittal deadline, and outside of the period from T+168B to T+172B, will be rejected by the CAISO and not used in settlement calculations.

* * *

11.1 Settlement Principles

The CAISO shall calculate, account for and settle payments and charges with Business Associates in accordance with the following principles:

- (a) The CAISO shall be responsible for calculating Settlement balances for any penalty or dispute in accordance with the CAISO Tariff, and any transmission Access Charge to UDCs or MSSs and Participating TOs;
- (b) The CAISO shall create and maintain computer back-up systems, including off-site storage of all necessary computer hardware, software, records and data at an alternative location that, in the event of a Settlement system breakdown at the primary location of the day-to-day operations of the CAISO, could serve as an alternative location for day-to-day Settlement operations within a reasonable period of time;
- (c) The CAISO shall retain all Settlement data records for a period which, at least, allows for the re-run of data as required by this CAISO Tariff and any adjustment rules of the Local Regulatory Authority governing the Scheduling Coordinators and their End-Use Customers and FERC;
- (d) The CAISO shall calculate, account for and settle all charges and payments for Initial Settlement Statement T+3B based on CAISO estimates and for all other settlement statements based on the Settlement Quality Meter Data it has received, or, if Settlement Quality Meter Data is not available, based on the best available information or estimate it has received in accordance with the provisions in Section 10 and the applicable Business Practice Manuals; and
- (e) Day-Ahead Schedules, RUC Awards and AS Awards shall be settled at the relevant LMP, RUC Price, and ASMPs, respectively. HASP Intertie Schedules

shall be settled at the relevant HASP Intertie LMP at the relevant Scheduling Point. All Dispatch Instructions shall be deemed delivered and settled at relevant Real-Time Market prices. Deviations from Dispatch Instructions shall be settled as Uninstructed Deviations.

* * *

11.1.4

[NOT USED] CAISO Estimates for Initial Settlement Statement T+3B

Notwithstanding any other provisions of the CAISO Tariff, Initial Settlement Statement T+3B shall be solely based on CAISO Estimated Settlement Quality Meter Data for metered Demand, metered Generation, and ~~Proxy Demand Response~~ ~~Energy Management~~. CAISO Estimated Settlement Quality Meter Data shall be calculated as follows:

- (a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy and dispatch of the resource as calculated in the Real-Time Market and as modified by any applicable corrections to the Dispatch Operating Point for the resource.
- (b) CAISO Estimated Settlement Quality Meter Data for metered Demand, including Non-Participating TO demand will be based on Scheduled Demand by the appropriate LAP. This value will be increased by fifteen (15) percent if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than the total Scheduled Demand by more than fifteen (15) percent. CAISO Estimated Settlement Quantity Quality Meter Demand for Participating Load will not be increased by fifteen (15) percent.
- (c) CAISO Estimated Settlement Quality Meter Data for ~~Proxy Demand Response~~ ~~Energy Management~~ will be calculated using the same method as set forth in Section 11.1.4(a) for metered Generation. The Proxy Demand Response Default Load Adjustment will not be estimated or applied for purposes of calculating Initial Settlement Statement T+3B.

(d) To estimate net load for a Metered Subsystem, the CAISO will apply a monthly historical based net/gross ratio to the MSS's estimated gross load. The historical monthly ratio shall be specific to each MSS Operator and shall be calculated as the sum of each entity's monthly actual net load divided by the sum of each entity's monthly actual gross load, of the previous year.

(e) CAISO will not estimate Unaccounted For Energy under Section 11.5.3, the rescission of payments for Regulation Up and Regulation Down Capacity under Section 8.10.8.6 or MSS deviation payments under 11.7.1 for purposes of calculating Initial Settlement Statement T+3B.

11.1.5 Settlement Quality Meter Data SQMD for Initial Recalculation Settlement Statement T+712B

The CAISO's Initial Recalculation Settlement Statement T+712B shall be based on the Settlement Quality Meter Data (actual or Scheduling Coordinator estimated) received in SQMDS. In the event Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received from a Scheduling Coordinator or CAISO Metered Entity, the CAISO will estimate Settlement Quality Meter Data for that outstanding metered Demand or Generation, ~~excluding~~ including a Proxy Demand Response Resources, for the Initial Recalculation Settlement Statement T+712B calculation. CAISO Estimated Settlement Quality Meter Data for metered Generation, metered Demand, and Demand Response will be calculated using the same method as set forth in Section 11.1.4. CAISO Estimated Settlement Quality Meter Data for metered Generation, metered Demand, and Proxy Demand Response Energy Management will be calculated using the same method as set forth in Section 11.1.4.

(a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy and dispatch of that resource as calculated in the Real-Time Market and as modified by any applicable corrections to the Dispatch Operating Point for the resource.

(b) CAISO Estimated Settlement Quality Meter Data for metered Demand will be based on Scheduled Demand by the appropriate LAP. This value will be increased by fifteen (15)

~~percent if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than the total estimated metered demand by more than fifteen (15) percent. Total estimated metered demand is the sum of the value of Scheduling Coordinator submitted metered Demand, CAISO polled estimated Settlement quality metered Demand, and Scheduled Demand for unsubmitted metered Demand at the fifth (5th) Business Day after the Trading Day (T+5B). CAISO Estimated Settlement Quantity Meter Demand for Participating Load will not be increased by fifteen (15) percent.~~

~~(c) CAISO will not estimate Settlement Quality Meter Data for Proxy Demand Resources.~~

* * *

11.5.3 Unaccounted For Energy (UFE)

For each Settlement Interval, the CAISO will calculate UFE for each utility Service Area for which the IOU or Local Publicly Owned Electric Utility has requested separate UFE calculation and has met the requirements applicable to a CAISO Metered Entity. The UFE will be settled as Imbalance Energy at the Settlement Interval Locational Marginal Price calculated for each utility Service Area for which UFE is calculated separately. UFE attributable to meter measurement errors, load profile errors, Energy theft, and distribution loss deviations will be allocated to each Scheduling Coordinator based on the ratio of its metered CAISO Demand within the relevant utility Service Area for which UFE is calculated separately to total metered CAISO Demand within that utility Service Area. UFE charges will not be estimated or included on Initial Settlement Statement T+3B.

* * *

11.23 Penalties For Uninstructed Imbalance Energy

Effective December 1, 2004, the CAISO shall not charge any Uninstructed Deviation Penalties pursuant to this Section 11.23 until FERC issues an order authorizing the CAISO to charge Uninstructed Deviation Penalties pursuant to this section. Beginning with Settlement Statements for the first Trading Day for which FERC authorizes the CAISO to charge Uninstructed Deviation Penalties pursuant to this section, the CAISO shall charge Scheduling Coordinators Uninstructed Deviation Penalties for Uninstructed Imbalance Energy resulting from resource deviations outside a Tolerance Band from their Dispatch

Operating Point, for dispatched resources, or their Day-Ahead Schedule otherwise. Publishing of Uninstructed Deviation Penalty results will not occur on the Initial Settlement Statement T+~~3B7B~~ but rather will occur on the Recalculation Settlement Statement T+~~12B.38B~~. The Uninstructed Deviation Penalty will be applied as follows:

- (a) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval. The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval in which the CAISO has not declared a staged System Emergency;
- (b) The Uninstructed Deviation Penalty will apply to pre-Dispatched Bids from Non-Dynamic System Resources identified, when such a pre-Dispatch Instruction is issued more than forty (40) minutes prior to the relevant Operating Hour, subject to the following conditions: (i) the Uninstructed Deviation Penalty will only apply to the pre-Dispatched amount of the Bid that is declined or not delivered, (ii) the Uninstructed Deviation Penalty will not apply to a portion of a pre-Dispatched Bid that is subsequently not delivered at the direction of a Balancing Authority, including the CAISO, due to a curtailment of transmission capability or to prevent curtailment of native firm load occurring subsequent to issuing the pre-Dispatch Instruction, (iii) the Uninstructed Deviation Penalty will not apply to Uninstructed Imbalance Energy resulting from declining subsequent intra-hour Dispatch Instructions. Dynamically scheduled Dynamic System Resources, to the extent they deviate from their Day-Ahead Schedule plus any Dispatch Instructions, will be subject to the Uninstructed Deviation Penalty.
- (c) The Uninstructed Deviation Penalty will not apply to Load, Curtailable Demand, or Demand Response Services.
- (d) [NOT USED]
- (e) The Uninstructed Deviation Penalty will not apply to Regulatory Must-Run Generation or Participating Intermittent Resources that meet the scheduling

obligations established in the Eligible Intermittent Resources Protocol in Appendix Q. No other applicable charges will be affected by this exemption. The Uninstructed Deviation Penalty also will not apply to Qualifying Facilities (QFs), including those that are dynamically scheduled, that have not executed and are not required pursuant to this CAISO Tariff to execute a Participating Generator Agreement (PGA) or Qualifying Facility Participating Generator Agreement.

- (f) All MSS resources designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net settlement election) are exempt from Uninstructed Deviation Penalties in this Section 11.23. All MSS resources not designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net Settlement election) are subject to Uninstructed Deviation Penalties in this Section 11.23.
- (g) The Uninstructed Deviation Penalty will apply to Generating Units providing Regulation and dynamically scheduled Dynamic System Resources providing Regulation to the extent that Uninstructed Deviations from such resources exceed each resource's actual Regulation range plus the applicable Tolerance Band. Resources providing Regulation and generating within their relevant Regulating range (or outside their relevant Regulating range as a direct result of CAISO control or instruction) will be deemed to have zero (0) deviations for purposes of the Uninstructed Deviation Penalty.
- (h) The Uninstructed Deviation Penalty will be calculated and assessed for each resource individually, except as specified in Appendix R, which specifies when Uninstructed Deviations from individual resources may be aggregated.
- (i) The Uninstructed Deviation Penalty shall not apply to any Uninstructed Imbalance Energy resulting from compliance with a directive by the CAISO or the Reliability Coordinator.
- (j) [NOT USED]

- (k) The Uninstructed Deviation Penalty will not apply when the applicable LMP is negative or zero.
- (l) The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to one hundred (100) percent ~~(+100%)~~ of the corresponding LMP. The relevant LMP will be calculated for each UDP Location as the ten-minute weighted average price of two five-minute Dispatch Interval LMPs and the two five-minute optimal Instructed Imbalance Energy quantities. The net effect of the Uninstructed Deviation Penalty and the Settlement for positive Uninstructed Imbalance Energy beyond the Tolerance Band will be that the CAISO will not pay for such Energy.
- (m) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to fifty (50) percent ~~(-50%)~~ of the corresponding Resource-Specific Settlement Interval LMP or, in the case of aggregated resources, the Settlement Interval Penalty Location Real-Time LMP.
- (n) The Uninstructed Deviation Penalty will not apply to deviations from Energy delivered as part of a scheduled test so long as the test has been scheduled by the Scheduling Coordinator with the CAISO or the CAISO has initiated the test for the purposes of validating unit performance.
- (o) The Uninstructed Deviation Penalty shall not apply to any excess Energy delivered from or any shortfall of Energy not delivered from an Exceptional Dispatch, involving a Generating Unit or a System Unit unless the CAISO and the supplier have agreed upon the time of, duration of, and amount of Energy to be delivered in the out-of-market transaction and the CAISO reflects the out-of-market transaction in its Real-Time Expected Energy calculations. The Uninstructed Deviation Penalty shall apply to Energy outside the Tolerance Band from out-of-market transactions with dynamically scheduled Dynamic System

Resources to the extent the agreed-to Energy is not delivered or over-delivered, and to any Energy from Non-Dynamic System Resources to the extent the agreed-to Energy is not delivered if that over- or under-delivery was due to action taken by or not taken by the System Resource and not the result of action taken by a Balancing Authority due to a curtailment of firm transmission capability or to prevent curtailment of native firm load occurring subsequent to the out-of-market transaction.

- (p) The Uninstructed Deviation Penalty shall not apply to Generating Units and dynamically scheduled Dynamic System Resources with Uninstructed Imbalance Energy if the Generating Unit or dynamically scheduled Dynamic System Resource was physically incapable of delivering the expected Energy or if systems malfunctions prevent receipt of Dispatch Instructions, provided that the Generating Unit or dynamically scheduled Dynamic System Resource had notified the CAISO within thirty (30) minutes of the onset of an event that prevents the resource from performing its obligations. A Generating Unit or dynamically scheduled Dynamic System Resource must notify CAISO operations staff of its reasons for failing to deliver the Expected Energy in accordance with Section 9.3.10.6 and must provide information to the CAISO that verifies the reason the resource failed to comply with the Dispatch Instruction within forty-eight (48) hours of the Operating Hour in which the instruction is issued.
- (q) Adjustments to any Generating Unit, Curtailable Demand and System Resource Day-Ahead Schedules or HASP Intertie Schedules made in accordance with the terms of TRTC Instructions for Existing Contracts or TORs shall not be subject to Uninstructed Deviation Penalties. Valid changes to ETC Self-Schedules or TOR Self-Schedules submitted after the close of the HASP or the RTM shall not be subject to Uninstructed Deviation Penalties.
- (r) Any changes made to Schedules prior to the CAISO issuing HASP Intertie Schedules shall not be subject to Uninstructed Deviation Penalties.

- (s) Uninstructed Deviation Penalties shall not be charged to any deviation from a Dispatch Instruction that does not comply with the requirements set forth in this CAISO Tariff.
- (t) Amounts collected as Uninstructed Deviation Penalties shall first be assigned to reduce the portion of above-LMP costs that would otherwise be assigned pro rata to all Scheduling Coordinators in that Settlement Interval. Any remaining portion of amounts collected as Uninstructed Deviation Penalties after satisfying these sequential commitments shall be treated in accordance with Section 11.29.9.6.3.
- (u) Condition 2 RMR Units shall be exempt from Uninstructed Deviation Penalties.
- (v) The Uninstructed Deviation Penalty shall not apply to positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit from the time the Generating Unit synchronizes to the grid to the earlier of (1) the Settlement Interval in which the Generating Unit produces a quantity of Energy that represents an average rate of delivery over such Settlement Interval in excess of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band, or (2) the first Settlement Interval after the expiration of a period of time that begins at the end of the Settlement Interval in which the Generating Unit synchronizes to the grid and ends after the Generating Unit's maximum Start-Up Time as specified in the Master File. The Uninstructed Deviation Penalty shall not apply to any positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit for a duration equal to the minimum of two Settlement Intervals or the time specified in the Master File for the Generating Unit to disconnect from the grid after reaching its Minimum Operating Limit following either (1) the last Settlement Interval of an hour in which the Generating Unit had a non-zero Day-Ahead Schedule or (2) the Settlement Interval in which the Generating Unit is expected to reach its Minimum Operating Limit based on the applicable Ramp Rate when the CAISO instructed the Generating Unit to Shut-Down. The amount of

Uninstructed Imbalance Energy exempted from the Uninstructed Deviation Penalty shall not exceed the amount of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band. This exception from the application of the Uninstructed Deviation Penalty does not apply to Dynamic System Resources.

- (w) UDP shall not apply to deviations by a Generating Unit that are attributable to any automatic response to a system disturbance, including a response to correct frequency decay, in accordance with Applicable Reliability Criteria for the duration of the system disturbance, and for an additional five (5) minutes when a Generating Unit's deviation is in the same direction as the mitigating frequency response.
- (x) The Uninstructed Deviation Penalty shall not apply in the event that a malfunction in a CAISO system application causes an infeasible Dispatch Instruction to be communicated or prevents timely communication of a Dispatch Instruction or a SLIC malfunction prevents a resource from reporting an event that affects the resource's ability to deliver Energy.
- (y) The Uninstructed Deviation Penalty shall not apply to a failure to comply with a manual Dispatch Instruction that is not confirmed by a Dispatch Instruction transmitted through the CAISO's Automated Dispatch System.
- (z) The Uninstructed Deviation Penalty shall not apply if a Dispatch Instruction is validated after the start time of the instruction from the Settlement Interval in which the Dispatch Instruction was first effective to the earliest Settlement Interval, inclusive, in which the resource is able to respond to the Dispatch Instruction.

* * *

The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, 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 charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Settlement Statements that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO.

The components of the Grid Management Charge will be included in an Initial Settlement Statement T+**3B7B**, and any Recalculation Settlement Statement with the other types of charges referred to in Section 11.

11.29.1 Billing And Payment Process Based On Settlement Statements

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+**3B7B** and the Recalculation Settlement Statements.

11.29.2 Time-Frame For Payments Or Charges

Payments or charges for the items referred to in Section 11.1.2 (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made **four (4five-5)** Business Days after issuance of the Invoices and Payment Advices issued in accordance with Section 11.29.10. Payments for FERC Annual Charges will be made in accordance with Section 11.19.

* * *

11.29.5.2 Right to Dispute

All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs shall have the right to dispute any item or calculation set forth in any **RecalculationInitial** Settlement Statement T+**12B7B** (except Scheduling Coordinator Estimated Settlement Quality Meter Data or CAISO Estimated Settlement Quality Meter Data), Recalculation Settlement Statement T+**55B38B**, or Incremental Changes in Recalculation Settlement Statements T+**9M76B**, T+18M, and T+35M or Unscheduled Recalculation

Settlement Statements that it receives pursuant to Section 11.29.7.3 in accordance with this CAISO Tariff, but not those set forth in Initial Settlement Statement T+3B or Recalculation Settlement Statement T+36M.

* * *

11.29.7.1 Timing of the Settlements Process

The CAISO will publish: (i) Initial Settlement Statements T+37B on the third (3) seventh Business Day from the relevant Trading Day (T+37B), (ii) Recalculation Settlement Statements T+12B on the twelfth (12)thirty-eighth Business Day from the relevant Trading Day (T+12B38B), (iii) Recalculation Settlement Statements T+55B on the fifty-fifth (55)seventy-sixth Business Day fromafter the relevant Trading Day (T+55B76B), (iii) Recalculation Settlement Statements T+9M on the one-hundred and ninety-fourth (194) Business Day after the Trading Day, which is approximately nine (9) months after the Trading Day (T+76B9M) if necessary, (iv) Recalculation Settlement Statements T+18M on the three hundred and eighty third (383) Business Day after the Trading Day, which is approximately eighteen (18) calendar months from the relevant Trading Day (T+18M) if necessary, (v) Recalculation Settlement Statements T+35M on the seven hundred and thirty-seventh (737) Business Day after the Trading Day, which is approximately thirty-five (35) calendar months from the relevant Trading Day (T+35M) if necessary, (vi) Recalculation Settlement Statements T+36M on the seven hundred and fifty-ninth (759) Business Day after the Trading Day, which is approximately thirty-six (36) calendar months from the relevant Trading Day (T+36M) if necessary, and (viii) any other-Unscheduled Recalculation Settlement Statement authorized under issued pursuant to Section 11.29.7.3. The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Unscheduled Recalculation Settlement Statement pursuant to Section 11.29.7.3 is required-issued for a Trading Day. The CAISO will notify affected Market Participants regarding failed or late publication of any Settlement Statements specified above and will rectify such failed or late publications pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+3B7B

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for validation an Initial Settlement Statement T+~~3B7B~~ for each Trading Day within ~~three~~ ~~(3seven-7)~~ Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Initial Settlement Statement T+~~3B7B~~ will be ~~solely based on produced using available Settlement Quality Meter Data (either actual or estimated) and~~ CAISO Estimated Settlement Quality Meter Data ~~in accordance with Section 11.1.4.~~ The Initial Settlement Statement T+~~3B7B~~ will include the following:

- (a) the amount payable or receivable by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge referred to in Section 11 for each Settlement Period in the relevant Trading Day;
- (b) the total amount payable or receivable by that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.29;
~~and~~
- (c) the components of each charge in each Settlement Period except for information contained in the Imbalance Energy report referred to in this Section 11.29.7.1.1;
and
- (d) a breakdown of the components of the Imbalance Energy charge (the Imbalance Energy report).

11.29.7.1.2 Recalculation Settlement Statements

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO Recalculation Settlement Statements in accordance with the CAISO Tariff and the CAISO Payments Calendar. Recalculation Settlement Statements shall be in a format similar to that of the Initial Settlement Statement T+~~3B7B~~ and shall include the same granularity of information provided in the Initial Settlement Statement T+~~3B7B~~ as amended following the validation procedure.

11.29.7.1.3 Recalculation Settlement Statement – Bridge Period

For Trading Days April 1, 2009 through October 31, 2009, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.

The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period April 1, 2009 through October 31, 2009 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period April 1, 2009 through October 31, 2009.

To the extent that any provision in this Section is in conflict or -inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.1.4 Bridge Period for Settlements Process Timeline Change

For Trading Days November 1, 2009 to September 30, 2011, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.

The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period November 1, 2009 through September 30, 2011 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period November 1, 2009 through September 30, 2011.

To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+~~3B7B~~ and any Recalculation Settlement Statement shall constitute the basis for billing in accordance with this CAISO Tariff. The Initial Settlement Statement T+~~3B7B~~ shall constitute the basis for billing for all charges in the first instance. The Recalculation Settlement ~~Statements~~Statement T+~~12B~~ and T+~~55B~~~~38B~~ shall constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+~~3B.7B~~. Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO shall pay any net debit and shall be entitled to receive any net credit shown in an Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.

11.29.7.3 ~~Additional-Unscheduled~~ Recalculation Settlement Statements

11.29.7.3.1 ~~Unscheduled Reissue Recalculation Settlement Statement~~

The CAISO shall issue an Unscheduled Reissue Recalculation Settlement Statement to correct a miscalculation that occurred on a Recalculation Settlement Statement T+9M or Recalculation Settlement Statement T+18 if the following criteria are met:

- The miscalculation occurred as a result of a CAISO data transfer error or other similar data processing error;
- The miscalculation was identified by the CAISO, Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO on a timely basis within the dispute timeline applicable to the Recalculation Settlement Statement; and
- The financial impact of the miscalculation on the market as a whole was greater than \$1,000,000 for the Trading Day.

The CAISO will issue a notice to advise the market that a miscalculation occurred and that it will be corrected in an Unscheduled Reissue Recalculation Settlement Statement. The CAISO will issue the Unscheduled Reissue Recalculation Settlement Statement no less than thirty (30) days after the date that the market notice was issued and will include the net adjustment amounts in the next available regularly scheduled invoice. Any miscalculation due to a CAISO data transfer error or other similar data processing error that does not meet the criteria set forth in this section will be corrected on the next Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+35M as appropriate.

11.29.7.3.2 Unscheduled Directed Recalculation Settlement Statements

The CAISO shall issue no Recalculation Settlement Statements other than ~~to~~ **Recalculation Settlement Statements T+12B**; Recalculation Settlement Statements T+~~3855~~B, Recalculation Settlement Statements T+~~76B9~~M, Recalculation Settlement Statements T+18M, Recalculation Settlement Statements T+35M, ~~and~~ Recalculation Settlement Statements T+36M, and Unscheduled Reissue Recalculation Settlement Statements unless directed by the CAISO Governing Board or pursuant to a FERC order.

11.29.7.3.34 If an ~~additional~~ Unscheduled Directed Recalculation Settlement Statement is ordered by the CAISO Governing Board, the CAISO shall arrange to have the Recalculation Settlement Statement carried out as soon as is reasonably practicable following the CAISO Governing Board's order, subject to the availability of staff and computer time, compatible software, appropriate data and other resources.

11.29.7.3.42 The cost of an ~~additional-Unscheduled Directed~~ Recalculation Settlement Statement shall be borne by the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO requesting it, unless an additional Recalculation Settlement Statement was needed due to a clerical oversight or error on the part of the CAISO staff.

11.29.7.3.53 Where an ~~additional-Unscheduled Directed~~ Recalculation Settlement Statement indicates that the accounts of Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs should be debited or credited to reflect alterations to Settlements previously made under this CAISO Tariff, for those Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs affected by the additional Recalculation Settlement Statement, the CAISO shall reflect the amounts to be debited or credited in the next scheduled ~~semi-monthly-weekly~~ Invoice or Payment Advice for the end of the month.

11.29.7.3.64 ~~Unscheduled Directed~~ Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced ~~separately~~separtely from monthly market activities in accordance with Section 11.29.10.3.

* * *

11.29.8.2 Review of Initial Settlement Statement T+3B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Initial Settlement Statement T+3B that it receives. Because this settlement statement is solely based on CAISO Estimated Settlement Quality Meter Data and is not subject to dispute or exception, the Initial Settlement Statement T+3B shall be deemed financially binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates.

11.29.8.23 Validation of Initial Settlement Statement T+7B and Recalculation Settlement Statements T+38B

11.29.8.23.1 Validation of Initial Recalculation Settlement Statement T+712B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Initial Recalculation Settlement Statement T+712B that it receives.

The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have validated each ~~Initial Recalculation~~ Settlement Statement T+~~712~~B unless it has raised a dispute or reported an exception within fourteen (14) Business Days from the date of issuance. Once validated, a ~~Initial Recalculation~~ Settlement Statement T+~~712~~B shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs a Recalculation Settlement Statement.

The notice of dispute, if any, shall state clearly the Trading Day, the issue date of the ~~Initial Recalculation~~ Settlement Statement T+~~712~~B, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim.

11.29.8.3.2 Validation of Recalculation Settlement Statement T+~~55B38B~~

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall have the opportunity to review the terms of the Recalculation Settlement Statement T+~~55B38B~~ that it receives.

The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have validated each Recalculation Settlement Statement T+~~55B38B~~ unless it has raised a dispute or reported an exception within ~~twenty-two (22)~~~~eighteen (18)~~ Business Days from the date of issuance. Once validated, a Recalculation Settlement Statement T+~~3855~~B shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs a subsequent Recalculation Settlement Statement.

The notice of dispute, if any, shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement T+~~3855~~B, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim.

11.29.8.3.3 Validation of Additional Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall have the opportunity to review the Incremental Changes, including the CAISO's implementation of a prior accepted

dispute, that appear on or are omitted from any Recalculation Settlement Statement T+~~9M76B~~, Recalculation Settlement Statement T+18M, ~~or~~ Recalculation Settlement Statement T+35M, or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3. The Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to have validated the Incremental Changes on each Recalculation Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within time periods set forth in Sections 11.29.8.4.1 through 11.29.8.4.6 from the date of issuance. Once validated, the Incremental Changes on a Recalculation Settlement Statement T+~~9M76B~~, Recalculation Settlement Statement T+18M, ~~or~~ Recalculation Settlement Statement T+35M, or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3 shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs an ~~additional~~ Unscheduled Recalculation Settlement Statement pursuant to Section 11.29.7.3.

The notice of dispute shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim. No disputes or exceptions are permitted for any items reflected on The only Recalculation Settlement Statement that cannot be disputed is Recalculation Settlement Statement T+36M.

* * *

11.29.8.4.1 Dispute of Initial Settlement Statement T+3B Not Permitted

Because Initial Settlement Statement T+3B is solely based on CAISO Estimated Settlement Quality Meter Data, which will be reconciled to actual data on subsequent Recalculation Settlement Statements, no disputes or exceptions shall be permitted for any terms reflected on this settlement statement.

11.29.8.4.21 Dispute of ~~Initial~~ Recalculation Settlement Statement T+~~712B~~

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit a dispute that identifies discrepancies or errors for any item in a Recalculation ~~Initial~~ Settlement Statement T+~~12B7B~~, except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data, no later

than fourteen (14) Business Days from the publication date of a ~~an~~ **Recalculation Initial** Settlement Statement T+~~12B.7B~~. Valid disputes regarding data appearing on a ~~an~~ **Recalculation Initial** Settlement Statement T+~~12B7B~~ will be reflected in a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a ~~an~~ **Recalculation Initial** Settlement Statement T+~~12B7B~~, it may initiate a good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.32 Dispute of Recalculation Settlement Statement T+~~55B38B~~

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit a dispute that identifies discrepancies or errors for any item in a Recalculation Settlement Statement T+~~55B38B~~ no later than ~~twenty-two (22)~~~~eighteen (18)~~ Business Days ~~after~~~~from~~ the publication date of the Recalculation Settlement Statement T+~~55B.38B~~. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+~~55B38B~~ will be reflected in a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+~~55B38B~~, it may initiate a good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.43 Dispute of Recalculation Settlement Statement T+~~9M76B~~

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes in a Recalculation Settlement Statement T+~~9M76B~~, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+~~9M76B~~, no later than ~~twenty-two (22) Business Days after~~~~twelve (12) months from~~ the ~~publication date of the Recalculation Settlement Statement~~ ~~relevant Trading Day~~ (T+~~9M42M~~). A dispute shall only be based on Incremental Changes between Recalculation Settlement Statement T+~~55B38B~~ and Recalculation Settlement Statement T+~~9M.76B~~. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+~~9M76B~~ will be reflected on a later Recalculation Settlement Statement for that Trading Day. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a

Recalculation Settlement Statement T+~~9M76B~~, it may initiate good faith negotiation of the dispute with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.54 Dispute of Recalculation Settlement Statement T+18M

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+18M no later than twenty-two (22) Business Days after the publication date of the Recalculation Settlement Statement T+18M.~~nineteen (19) months from the relevant Trading Day (T+19M)~~. A dispute shall only be based on Incremental Changes between ~~Recalculation Settlement Statement T+76B~~ the immediately preceding Recalculation Settlement Statement for the given Trading Day and Recalculation Settlement Statement T+18M. Valid Disputes regarding data appearing on a Recalculation Settlement Statement T+18M will be reflected on a later Recalculation Settlement Statement. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on a Recalculation Settlement Statement T+18M, it may initiate a good faith negotiation with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.65 Dispute of Recalculation Settlement Statement T+35M

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes in a Recalculation Settlement Statement T+35M, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+35M, no later than ~~seven (7) calendar days~~ five (5) Business Days after~~from~~ the publication date of a Recalculation Settlement Statement T+35M. A dispute shall only be based on (i) Incremental Changes between ~~Recalculation Settlement Statement T+18M~~ the immediately preceding Recalculation Settlement Statement for the given Trading Day and Recalculation Settlement Statement T+35M, (ii) Meter Data issues identified through the audit process, or (iii) any good faith negotiation or dispute resolution settlement. Valid disputes regarding data appearing on a Recalculation Settlement Statement T+35M will be reflected on the Recalculation Settlement Statement T+36M. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute

regarding data appearing on a Recalculation Settlement Statement T+35M, it may pursue the dispute only through the dispute resolution process set forth in Section 13.

11.29.8.4.76 No Dispute of Recalculation Settlement Statement T+36M

Recalculation Settlement Statement T+36M shall not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, or adjustment by CAISO, except as directed by the CAISO Governing Board or by an order of FERC. Nothing herein shall be construed to restrict the right of the CAISO or any Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO's to seek redress from FERC in accordance with the Federal Power Act.

11.29.8.4.8 Unscheduled Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may submit disputes regarding Incremental Changes on an Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3 no later than twenty-two (22) Business Days after the publication data of the Unscheduled Recalculation Settlement Statement. A dispute shall only be based on Incremental Changes between the Unscheduled Recalculation Settlement Statement and prior applicable Recalculation Settlement Statement. Valid Disputes regarding data appearing on an Unscheduled Recalculation Settlement Statement will be reflected on a later Recalculation Settlement Statement. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO disagrees with the CAISO's resolution of a dispute regarding data appearing on an Unscheduled Recalculation Settlement Statement, it may initiate a good faith negotiation with the CAISO no later than thirty (30) days after the date of the CAISO's response to the dispute.

11.29.8.4.97 Recurring Disputes or Exceptions

A Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may request the CAISO to treat as recurring a dispute or exception raised in accordance with Sections 11.29.8.1 and 11.29.8.32 above, if a dispute or exception would apply to ~~Recalculationsubsequent Initial~~ Settlement Statements ~~forT+7B and~~ subsequent ~~Trading Days Recalculation Settlement Statements~~ as permitted by Section 11.29.8.4.3. A request for recurring treatment may be made for any valid reason provided that ~~subsequent Initial Settlement Statements T+7B and~~ Recalculation Settlement Statements ~~for subsequent~~

Trading Days would be affected, including, but not limited to, that the disputed calculation will recur, or that a disagreement as to policy will affect calculations in subsequent Initial Settlement Statement T+7B and Recalculation Settlement Statements. If a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO wishes to request that the CAISO treat a dispute as recurring, it shall, in the notice, clearly indicate that it requests such treatment and set forth in detail the reasons that support such treatment. To the extent possible, the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall state the types of charges and dates to which the dispute will apply, and provide estimates of the amounts that will likely be claimed on each date.

The CAISO shall make a determination on such a request within five (5) Business Days of receipt. To preserve its right to dispute an item, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must continue to raise a dispute or report an exception until it is notified by the CAISO that the CAISO agrees to treat the dispute or exception as recurring. If the CAISO grants a request to treat a dispute or exception as recurring, the dispute raised or exception reported by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to apply to every subsequent Initial Settlement Statement T+7B and Recalculation Settlement Statement provided to the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO from the date that the CAISO grants the request for recurrent treatment until: a) ninety (90) days have elapsed, unless the CAISO indicates a different expiration date on its response to the request, in which case the expiration date shall be as stated by the CAISO in its response or b) the dispute or exception is resolved, whichever is shorter. The CAISO may deny a request that the CAISO treat a dispute as recurring for any valid reason, including because the request is not adequately specific as to the basis for recurring treatment or the subsequent calculations that will be affected.

11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on a Recalculationan Initial Settlement Statement T+12B7B, Recalculation Settlement Statement T+55B38B, Recalculation Settlement Statement T+9M76B, ~~or~~ Recalculation Settlement Statement T+18M, or

Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3.

¶The CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than ~~twenty-three~~ twenty-three (2031) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing

Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.

- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.
- (c) Complex settlement statement disputes involve policy considerations, entail extensive research, -require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within ~~twenty-three~~ twenty-three (2031) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) a Recalculationan Initial Settlement Statement T+~~12B7B~~, Recalculation Settlement Statement T+~~55B38B~~, or Recalculation Settlement Statement T+~~9M,76B,~~ no later than fifteen (15) months after the Trading Day so that any

resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M and an Unscheduled Recalculation Settlement Statement, -no later than thirty-three (33) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

* * *

11.29.10 Billing And Payment

The CAISO shall prepare and send to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO an Invoice or Payment Advice on Wednesday of each week. two Invoices or Payment Advices for each billing period in each calendar month. There are two (2) billing periods in each calendar month. The first billing period is from the first to the fifteenth day of the month and second billing period is from the sixteenth to the last of day of the month. The CAISO will publish Invoices and Payment Advices for the first semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the fifteenth day of the month. The CAISO will publish Invoices and Payment Advices for the second semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the end of the month. If Wednesday falls on a CAISO holiday, the CAISO will issue the Invoice or Payment Advice on the next Business Day. Each Invoice or Payment Advice will show amounts which are to be paid by or to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, the Payment Date, being the date on which such amounts are to be paid or received, and details of the CAISO Clearing Account to which any amounts owed by or to Scheduling Coordinators, CRR Holder, Black Start Generator or Participating TO are to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice or Payment Advice (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made four (4) five (5) Business Days after the date on which the weekly semi-monthly Invoice or Payment Advice is issued. If the fourth (4) Business Day after an Invoice

or Payment Advice is issued falls on a CAISO holiday, then the Payment Date for the Invoice or Payment Advice shall be the next Business Day.

11.29.10.1 Billing Periods

Each Invoice or Payment Advice will include ~~all of (i) the initial Settlement Statements T+3B for the Trading Days of Monday through Sunday in the previous week, (ii) Recalculation Settlement Statements T+12B for the same Trading Days as the Initial Settlement Statements T+3B, published since the previous Invoice or Payment Advice was issued one (1) semi-monthly billing period and (iii) and up to five~~ ~~six(56)~~ other billing periods as provided in the CAISO Payments Calendar. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled ~~semi-monthly~~ Invoice or Payment Advice for the end of the month. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes between Initial Settlement Statement T+3B and Recalculation Settlement Statement T+712B, and thereafter to any Incremental Changes between each subsequent Recalculation Settlement Statement through Recalculation Settlement Statement T+36M. Interest will be calculated on a daily basis and will apply separately for the billing period first fifteenth day of the month and billing period from the sixteenth to the last of day of the month from the Payment Date for the Invoice of Payment Advice to the Payment Date for the next Recalculation Settlement Statement.

The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

* * *

11.29.23 Communications

The Initial Settlement Statement T+~~3B7B~~, any Recalculation Settlement Statement, and Invoices, and Payment Advices will be considered issued to CAISO Creditors or CAISO Debtors when released by the

CAISO's secure communication system. Communications on a Payment Date relating to payment shall be made by the fastest practical means including by telephone. If there is a failure of a communication system and it is not possible to communicate by electronic means, then the CAISO or CAISO Creditor or CAISO Debtor, as the case may be, shall communicate by facsimile but only if the recipient is first advised by telephone to expect the facsimile. Methods of communication between the CAISO and Market Participants may be varied by the CAISO giving not less than ten (10) days notice to Market Participants on the CAISO's secure communication system.

* * *

11.29.24.1 Preparation

In September of each year, the CAISO will prepare a draft CAISO Payments Calendar for the following calendar year showing for each Trading Day:

- (a) The date by which Scheduling Coordinators are required to provide Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for all their Scheduling Coordinator Metered Entities for each Settlement Period in the Trading Day;
- (b) The date on which the CAISO will issue Initial Settlement Statements T+~~3B~~~~7B~~ and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- ~~(c) The date by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Initial Settlement Statements T+7B pursuant to Section 11.29.8.2;~~
- (~~dc~~) The date on which the CAISO will issue the Recalculation Settlement Statements T+~~7~~~~12~~B; T+~~55~~~~B~~~~38~~B, T+~~9~~~~M~~~~7~~~~6~~B, T+18M, T+35M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (~~de~~) The dates by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any

disputes in relation to their Recalculation Settlement Statements T+~~712B, 38B,~~
T+~~55B, T+9M, 76B,~~ T+18M and T+35M.

- (ef) The date and time by which CAISO Debtors are required to have made payments into the CAISO Clearing Account in payment of Invoices for that Trading Day;
- (fg) The dates and times on which CAISO Creditors will receive payments from the CAISO Clearing Account of amounts owing to them for that Trading Day; and
- (gh) In relation to Reliability Must-Run Charges and RMR Payments, the details set out in paragraph 3 of Appendix N, Part J.

The CAISO will make a draft of the CAISO Payments Calendar available on the CAISO Website to Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners any of which may submit comments and objections to the CAISO within two weeks of the date of posting of the draft on the CAISO Website. No later than October 31st in each year, the CAISO will publish the final CAISO Payments Calendar for the following calendar year, after considering the comments and objections received from Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners. The final CAISO Payments Calendar will be posted on the CAISO Website, and will show for the period from 1 January to 31 December in the next succeeding year (both dates inclusive), the dates on which Settlement Statements shall be published by the CAISO and the Payment Dates on which the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

* * *

26.1.4.4 Information Required from Scheduling Coordinators

Scheduling Coordinators for Wheeling Out or Wheeling Through transactions to a Bulk Supply Point, or other point of interconnection between the CAISO Controlled Grid and the transmission system of a Non-Participating TO, that are located within the CAISO Balancing Authority Area, shall provide the CAISO, by eight (8) Business Days after the Trading Day (T+8B)~~within five (5) days from the end of the calendar month to which the relevant Trading Day relates~~, details of such transactions (other than transactions

submitted as Self-Schedules pursuant to Existing Contracts) sorted by Bulk Supply Point or point of interconnection for each Settlement Period (including kWh for each transaction). The CAISO shall use such information, which may be subject to review by the CAISO, to settle Wheeling Access Charges and payments. The CAISO shall publish a list of the Bulk Supply Points or interconnection points to which this Section 26.1.4.4 applies together with details of the electronic form and procedure to be used by Scheduling Coordinators to submit the required information on the CAISO Website.

* * *

37.5.2 Inaccurate or Late Actual SQMD Meter Data

37.5.2.1 Expected Conduct

Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~43C~~48B). ~~Failure either to submit complete and accurate Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with complete and accurate Actual Settlement Quality Meter Data by T+48B is late Actual Settlement Quality Meter Data and shall be a violation of this rule.~~ The failure to provide complete and accurate Actual Settlement Quality Meter Data, as required by Section 10.3.6 that causes an error to exist in such Settlement Quality Meter Data after forty-~~eight (48) Business Days~~~~three (43) calendar days~~ after the Trading Day (T+~~48B~~43C) shall be a violation of this rule. Scheduling Coordinators that fail to submit Scheduling Coordinator Estimated Settlement Quality Meter Data that is complete and based on a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period as required by Section 10 ~~and that results in an error that is discovered after forty three (43) calendar days after the Trading Day (T+43C)~~ shall be a violation of this rule and may be referred to DMM for investigation.

* * *

37.8.10 Review Of Determination

A Market Participant that receives a Sanction may obtain immediate review of the CAISO's determination by directly appealing to FERC, in accordance with FERC's rules and procedures. In such case, the applicable Scheduling Coordinator shall also dispute the Recalculation~~Initial~~ Settlement Statement T+7B

containing the financial penalty, in accordance with Section 11. The ~~Recalculation~~~~Initial~~ Settlement Statement ~~T+7B~~ dispute and appeal to FERC must be made in accordance with the timeline for raising disputes specified in Section 11.29.8. The penalty will be tolled until FERC renders its decision on the appeal. The disposition by FERC of such appeal shall be final, and no separate dispute of such Sanction may be initiated under Section 13, except as provided in Section 37.9.3.4. For the purpose of applying the time limitations set forth in Section 37.10.1, a Sanction will be considered assessed when it is included on ~~a Recalculation~~~~an Initial~~ Settlement Statement ~~T+7B~~, whether or not the CAISO accepts a Scheduling Coordinator's dispute of such ~~Recalculation~~~~Initial~~ Settlement Statement ~~T+7B~~ pending resolution of an appeal to FERC in accordance with this section or Section 37.9.3.3.

* * *

37.9.3.1 Settlement Statements

The CAISO will administer any penalties issued under this Section 37 through ~~Initial Settlement Statements T + 38 BD, and Initial Settlement Statement Reissues or~~ Recalculation Settlement Statements, as relevant, issued to the responsible Scheduling Coordinator by the CAISO. Before invoicing a financial penalty through the Settlement process, the CAISO will provide a description of the penalty to the responsible Scheduling Coordinator and all Market Participants the Scheduling Coordinator represents that are liable for the penalty, when the CAISO has sufficient objective information to identify and verify responsibility of such Market Participants. The description shall include the identity of the Market Participant that committed the violation and the amount of the penalty.

* * *

37.11.1 ~~Method for Calculating~~ Inaccurate or Late Actual SQMD ~~Meter Data~~ Penalty

There is no Sanction for the submission of inaccurate ~~or late Actual Settlement Quality~~ Meter Data used for ~~a Recalculation~~~~an Initial~~ Settlement Statement T+ ~~127B~~. ~~However, failure by a Scheduling Coordinator, under a specific SCID, to submit Actual Settlement Quality Meter Data~~ ~~However, an error in submitted Meter Data that exists after forty three (43) calendar days after the Trading Day (T+43C) or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) for one or more scheduled Resource IDs for a given Trading Day is late Actual Settlement Quality Meter Data and~~ constitutes a Rule of Conduct violation.

~~The Sanction is \$1,000 and the level of the Sanction depends on whether the Scheduling Coordinator or the CAISO discovered the error. An increased penalty will apply for errors that are discovered by the CAISO.~~

~~Table A1 below shows how the level of the Sanction depends on the following factors: whether or not the Scheduling Coordinator is required to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.4 for Recalculation Settlement Statement T+9M. Where a finds the error; whether or not the Scheduling Coordinator fails to submit Actual Settlement Quality Meter Data or to replace Estimated Statement. If the CAISO issues a Recalculation Settlement Quality Meter Data with Actual Statement or performs a re-run, then Settlement Quality Meter Data by T+48B for at one or more scheduled Resource IDs for a given Trading Day and that to all Scheduling Coordinator also fails to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.3 for Recalculation Settlement Statement T+9M, then Coordinators is recalculated, and the impact of such re-runs on charges assessed will be considered. A penalty charge equal to thirty (30) percent of the estimated value of the Energy error will apply if the Scheduling Coordinator shall also be levied a Sanction of \$3,000. The submission by a Scheduling Coordinator of Actual Settlement Quality Meter Data that causes an error to exist in such Actual Settlement Quality Meter Data after T+48B shall constitute inaccurate Actual Settlement Quality Meter Data discovers the error or seventy-five (75) percent of the estimated value of the Energy error if the CAISO discovers the error. Penalty assessment and disposition of penalty proceeds will be administered as described in Section 37.9.1 and is a Rule of Conduct violation. The Sanction is \$1,000. All violations of this Section 37.11.1 shall be found per SCID per Trading Day and all Sanctions assessed under this Section 37.11.1 shall9.4 respectively. A Sanction will not be levied per SCID per Trading Day. Accordinglyimposed unless such Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.~~

Table A1—	Does SC Owe	
Calculation of	Market?	

Inaccurate Meter Data Penalty When There Is A Recalculation Settlement Statement or re-run Case		
Case 1: SC Identifies Inaccurate Meter Data	Yes	Penalty = (MWh x applicable price) x 0.30
Case 1: SC Identifies Inaccurate Meter Data	No	Penalty = (MWh x applicable price) x 0.30
Case 2: CAISO Identifies Inaccurate Meter Data	Yes	Penalty = (MWh x applicable price) x 0.75
Case 2: CAISO Identifies Inaccurate Meter Data	No	Penalty = (MWh x applicable price) x 0.75

Note to Table A1:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate meter data occurred; or (2) \$10/MWh. The LMP used will be the values posted on OASIS for each Trading Hour of the applicable Trading Day period.

2. Method for Calculating Inaccurate Meter Data Penalty When there is not a Recalculation Settlement Statement or re-run.

If the CAISO does not perform a Recalculation Settlement Statement or re-run, for any given trade date, one cases of inaccurate Meter Data, Table A2 will be used to determine and allocate penalty and any market adjustment amount. The market adjustment approximates the financial impact on the market; however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter

~~Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro-rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. The thirty (30) percent or seventy five (75) percent penalty will be distributed as discussed in Section 37.9.4. For cases where the CAISO does not perform a Recalculation Settlement Statement or re-run and the Scheduling Coordinator does not owe the market, then no market adjustment will be performed and no penalty will be assessed.~~

TABLE A2- Calculation Of Inaccurate Meter Data Penalty When There Is Not a Recalculation Settlement Statement or re-run Case	Does SC Owe Market?	CAISO does not perform a Recalculation Settlement Statement or re-run
Case 1: SC Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price) x 0.30
Case 1: SC Identifies Inaccurate Meter Data	No	No market adjustment will be made
Case 2: CAISO Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price) x 0.75
Case 2: CAISO Identifies Inaccurate Meter Data	No	No market adjustment will be made

Notes to Table A2:

~~The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate meter data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.~~

~~A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.~~

~~If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made and no penalty will be assessed. If the CAISO produces a Recalculation Settlement Statement or performs a re-run after the error is corrected, then the~~

~~Scheduling Coordinator may be found will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to have committed multiple violations of, and may be assessed multiple Sanctions under, this Section 37.11.1a Recalculation~~

~~Settlement Statement or re-run, then a Sanction will be assessed to assure that Recalculation Settlement Statements or re-runs do not diminish the incentive to correct such errors. This Sanction would be thirty (30) percent of the Energy value of the error if the Scheduling Coordinator discovers the error or seventy-five (75) percent estimated value of the error if the CAISO discovers the error.~~

~~If the error is to the detriment of the market, then a charge equal to thirty (30) percent or seventy-five (75) percent of the estimated value of the error, as appropriate, will be added to the charge for the Energy. If there is no Recalculation Settlement Statement or re-run, then the cost of Energy supplied by the CAISO (and inappropriately charged to the market as Unaccounted for Energy) must be recovered as well, and the charge will be equal to one-hundred thirty (130) percent or one-hundred seventy five (175) percent of the estimated value of the error, as appropriate.~~

37.11.2 Inaccurate Actual SQMD Penalty Without Recal. Sett. Stmt.

If the CAISO does not perform a Recalculation Settlement Statement or re-run, for cases of inaccurate

Actual Settlement Quality Meter Data, the penalty will be a market adjustment and a Sanction. The Sanction shall be \$1,000. The market adjustment approximates the financial impact on the market;

however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter

Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made but the Sanction of \$1,000 still shall be levied.

~~The thirty (30) percent or seventy-five (75) percent penalty will be distributed as discussed in Section 37.9.4. For cases where the CAISO does not perform a Recalculation Settlement Statement or re-run and the Scheduling Coordinator does not owe the market, then no market adjustment will be performed and no penalty will be assessed.~~

<p>TABLE A2- Calculation Of Inaccurate Meter Data Penalty When There Is Not a Recalculation Settlement Statement or re-run Case</p>	<p>Does SC Owe Market?</p>	<p>CAISO does not perform a Recalculation Settlement Statement or re-run</p>
<p>Case 1: SC Identifies Inaccurate Meter Data</p>	<p>Yes</p>	<p>Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price)) x 0.30</p>
<p>Case 1: SC Identifies Inaccurate Meter Data</p>	<p>No</p>	<p>No market adjustment will be made</p>
<p>Case 2: CAISO Identifies Inaccurate</p>	<p>Yes</p>	<p>Market Adjustment = (MWh x applicable price)</p>

Meter Data		Penalty = (MWh x applicable price) x 0.75
Case 2: CAISO Identifies Inaccurate Meter Data	No	No market adjustment will be made

Notes to Table A2:

For the market adjustment, the applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.

~~A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.~~

~~If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made and no penalty will be assessed. If the CAISO produces a Recalculation Settlement Statement or performs a re-run after the error is corrected, then the Scheduling Coordinator will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to a Recalculation Settlement Statement or re-run, then a Sanction will be assessed to assure that Recalculation Settlement Statements or re-runs do not diminish the incentive to correct such errors. This Sanction would be thirty (30) percent of the Energy value of the error if the Scheduling Coordinator discovers the error or seventy-five (75) percent estimated value of the error if the CAISO discovers the error.~~

* * *

APPENDIX J

[NOT USED]

GRANDFATHERED METERING AND SETTLEMENT PROVISIONS FOR TRADING DAYS PRIOR TO OCTOBER 1, 2011

1. Grandfathering of Metering and Settlement Provisions for Trading Days Prior to October 1, 2011.

Notwithstanding any other provisions of the CAISO Tariff the following provisions shall apply to transactions conducted prior to October 1, 2011. In all other respects, the CAISO Tariff, including the provisions of Sections 10, 11, and 37 not covered by this Appendix J, will apply to transactions that occurred prior to October 1, 2011.

10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within five (5) Business Days from the Trading Day (T+5B) and will be used in the Initial Settlement Statement T+7B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at noon on the fifth Business Day after the Trading Day (T+5B) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the Initial Settlement Statement T+7B calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-three (43) calendar days from the Trading Day (T+43C) and will be used in the Recalculation Settlement Statement T+38B calculation.

10.3.6 Settlement Quality Meter Data Submission

Scheduling Coordinators shall submit to the CAISO Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data, as provided in Section 10.3.6.1(a), for Scheduling Coordinator Metered Entities they represent for each Settlement Period in an Operating Day according to the timelines established in Section 10.3.6.1 and the CAISO Payments Calendar and as provided in the applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data (actual and Scheduling Coordinator estimated) on demand as provided in the applicable Business Practice Manual.

10.3.6.1 Timing of Settlement Quality Meter Data Submission for Calculation of Initial Settlement Statement T+7B.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than noon on the fifth Business Day after the Trading Day (T+5B) for the Initial

Settlement Statement T+7B calculation. Scheduling Coordinators cannot submit Estimated Settlement Quality Meter Data for Proxy Demand Resources.

- (a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.
- (a) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity within five (5) Business Days from the Trading Day (T+5B), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation, excluding a Proxy Demand Resource, for use in the Initial Settlement Statement T+7B calculation, as provided in Section 11.1.5.

10.3.6.2 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-third (43) calendar day after the Trading Day (T+43C) for the Recalculation Settlement Statement T+38B. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+7B pursuant to Section 10.3.6.1 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+38B no later than the forty-third (43) calendar day after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-three (43) calendar days after the Trading Day (T+43C), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.
- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.
- (c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

10.3.6.3 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statements after the Recalculation Settlement Statement T+38B

Scheduling Coordinators may continue to submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statements subsequent to the Recalculation Settlement Statement T+38B according to timelines established in the CAISO Payments Calendar. Provided, however, that Scheduling Coordinators submitting Actual Settlement Quality Meter Data more than forty-three (43) calendar days after the Trading Day (T+43C) have failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

11.29 Billing And Payment Process

The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, 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 charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Settlement Statements that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO.

The components of the Grid Management Charge will be included in an Initial Settlement Statement T+7B, and any Recalculation Settlement Statement with the other types of charges referred to in Section 11.

11.29.1 Billing And Payment Process Based On Settlement Statements

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+7B and the Recalculation Settlement Statements.

11.29.2 Time-Frame For Payments Or Charges

Payments or charges for the items referred to in Section 11.1.2 (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after issuance of the Invoices and Payment Advices issued in accordance with Section 11.29.10. Payments for FERC Annual Charges will be made in accordance with Section 11.19.

11.29.5 General Principles For Production Of Settlement Statements

11.29.5.1 Basis of Settlement

The basis of each Settlement Statement shall be the debiting or crediting of an account in the name of the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO in the general ledger set up by the CAISO to reflect all transactions, charges or payments settled by the CAISO.

11.29.5.2 Right to Dispute

All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs shall have the right to dispute any item or calculation set forth in any Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Incremental Changes in Recalculation Settlement Statements T+76B, T+18M, and T+35M in accordance with this CAISO Tariff, but not those set forth in Recalculation Settlement Statement T+36M.

11.29.7 Settlements Cycle

11.29.7.1 Timing of the Settlements Process

The CAISO will publish: (i) Initial Settlement Statements T+7B on the seventh Business Day from the relevant Trading Day (T+7B), (ii) Recalculation Settlement Statements on the thirty-eighth Business Day from the relevant Trading Day (T+38B), (iii) Recalculation Settlement Statements on the seventy-sixth Business Day after the Trading Day (T+76B), (iv) Recalculation Settlement Statements on the Business Day eighteen (18) calendar months from the relevant Trading Day (T+18M) if necessary, (v) Recalculation Settlement Statements on the Business Day thirty-five (35) calendar months from the

relevant Trading Day (T+35M) if necessary, (vi) Recalculation Settlement Statements on the Business Day thirty-six (36) calendar months from the relevant Trading Day (T+36M) if necessary, and (v) any other Recalculation Settlement Statement authorized under Section 11.29.7.3. The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day. The CAISO will notify affected Market Participants regarding failed or late publication of any Settlement Statements specified above and will rectify such failed or late publications pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+7B

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for validation an Initial Settlement Statement T+7B for each Trading Day within seven (7) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Initial Settlement Statement T+7B will be produced using available Settlement Quality Meter Data (either actual or estimated) and CAISO Estimated Settlement Quality Meter Data. The Initial Settlement Statement T+7B will include the following:

- (a) the amount payable or receivable by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge referred to in Section 11 for each Settlement Period in the relevant Trading Day;
- (b) the total amount payable or receivable by that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.29; and
- (c) the components of each charge in each Settlement Period except for information contained in the Imbalance Energy report referred to in this Section 11.29.7.1.1; and
- (d) a breakdown of the components of the Imbalance Energy charge (the Imbalance Energy report).

11.29.7.1.2 Recalculation Settlement Statements

The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO Recalculation Settlement Statements in accordance with the CAISO Tariff and the CAISO Payments Calendar. Recalculation Settlement Statements shall be in a format similar to that of the Initial Settlement Statement T+7B and shall include the same granularity of information provided in the Initial Settlement Statement T+7B as amended following the validation procedure.

11.29.7.1.3 Recalculation Settlement Statement – Bridge Period

For Trading Days April 1, 2009 through October 31, 2009, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.

Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply. The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period April 1, 2009 through October 31, 2009 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.

The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period April 1, 2009 through October 31, 2009.

To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the provision in this Section shall prevail.

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+7B and any Recalculation Settlement Statement shall constitute the basis for billing in accordance with this CAISO Tariff. The Initial Settlement Statement T+7B shall constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statement T+38B shall constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+7B. Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO shall pay any net debit and shall be entitled to receive any net credit shown in an Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.

11.29.7.2.1 Elimination of Invoices under \$10.00

Invoices and Payment Advices due to or from any Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for amounts less than \$10.00 will be adjusted to \$0.00 and no amount will be due to or from that Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for that Invoice or Payment Advice.

11.29.7.3 Additional Recalculation Settlement Statements

The CAISO shall issue no Recalculation Settlement Statements other than to Recalculation Settlement Statements T+38B, Recalculation Settlement Statements T+76B, Recalculation Settlement Statements T+18M, Recalculation Settlement Statements T+35M, and Recalculation Settlement Statements T+36M, unless directed by the CAISO Governing Board or pursuant to a FERC order.

11.29.7.3.1 If an additional Recalculation Settlement Statement is ordered by the CAISO Governing Board, the CAISO shall arrange to have the Recalculation Settlement Statement carried out as soon as is reasonably practicable following the CAISO Governing Board's order, subject to the availability of staff and computer time, compatible software, appropriate data and other resources.

11.29.7.3.2 The cost of an additional Recalculation Settlement Statement shall be borne by the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO requesting it, unless an additional Recalculation Settlement Statement was needed due to a clerical oversight or error on the part of the CAISO staff.

11.29.7.3.3 Where an additional Recalculation Settlement Statement indicates that the accounts of Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs should be debited or credited to reflect alterations to Settlements previously made under this CAISO Tariff, for those Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs affected by the additional Recalculation Settlement Statement, the CAISO shall reflect the amounts to be debited or credited in the next scheduled semi-monthly Invoice or Payment Advice for the end of the month.

11.29.7.3.4 Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities in accordance with Section 11.29.10.3.

11.29.8 Confirmation And Validation

11.29.8.1 Confirmation

It is the responsibility of each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO to notify the CAISO if it fails to receive a Settlement Statement on the date specified for the publication of such Settlement Statement in the CAISO Payments Calendar. Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have received its Settlement Statement on the dates specified, unless it notifies the CAISO to the contrary.

11.29.8.2 Validation of Initial Settlement Statement T+7B and Recalculation Settlement Statement T+38B

11.29.8.3 Validation of Additional Recalculation Settlement Statements

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall have the opportunity to review the Incremental Changes, including the CAISO's implementation of a prior accepted dispute, that appear on or are omitted from any Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+35M that it receives. The Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to have validated the Incremental Changes on each Recalculation Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within time periods set forth in Sections 11.29.8.4.1 through 11.29.8.4.6 from the date of issuance. Once validated, the Incremental Changes on a Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M, or Recalculation Settlement Statement T+35M shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs an additional Recalculation Settlement Statement pursuant to Section 11.29.7.3.

The notice of dispute shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim. The only Recalculation Settlement Statement that cannot be disputed is Recalculation Settlement Statement T+36M.

11.29.8.4 Disputes or Exceptions

11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than twenty (20) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.
- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.

(c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within twenty (20) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M, no later than thirty-three (33) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

11.29.10 Billing And Payment

The CAISO shall prepare and send to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO two Invoices or Payment Advices for each billing period in each calendar month. There are two (2) billing periods in each calendar month. The first billing period is from the first to the fifteenth day of the month and second billing period is from the sixteenth to the last of day of the month. The CAISO will publish Invoices and Payment Advices for the first semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the fifteenth day of the month. The CAISO will publish Invoices and Payment Advices for the second semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the end of the month. Each Invoice or Payment Advice will show amounts which are to be paid by or to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO, the Payment Date, being the date on which such amounts are to be paid or received, and details of the CAISO Clearing Account to which any amounts owed by or to Scheduling Coordinators, CRR Holder, Black Start Generator or Participating TO are to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice or Payment Advice (except for the charges payable under long-term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after the date on which the semi-monthly Invoice or Payment Advice is issued.

11.29.10.1 Billing Periods

Each Invoice or Payment Advice will include one (1) semi-monthly billing period and up to five (5) other billing periods. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled semi-monthly Invoice or Payment Advice for the end of the month. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes through Recalculation Settlement Statement T+36M. Interest will be calculated separately for the billing period from the first to the fifteenth day of the month and for the billing period from the sixteenth to the last of day of the month. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

11.29.10.3 Other Invoicing Provisions

The Invoices or Payment Advices will also include the total charges for each component of the Grid Management Charge, the total charges associated with any Interest for each relevant Trading Month, the

FERC Annual Charges due monthly, as well as any disbursements associated with a shortfall receipt distribution.

A separate Invoice for the FERC Annual Charges due annually will be issued by the CAISO to the Scheduling Coordinator in accordance with Section 11.19.1.2. The CAISO will issue separate Invoices for NERC/WECC Charges as described in Section 11.20.

A separate Invoice for a shortfall allocation will be issued by the CAISO to Scheduling Coordinators in the event of a payment default in accordance with Section 11.29.17.1.

In the event of an allocation of a payment default in accordance with Section 11.29.17.2, the CAISO may either issue separate Invoices to Default-Invoiced SCIDs pursuant to Section 11.29.17.2.1 or to SCIDs pursuant to Section 11.29.17.2.2, as applicable, or may issue Invoices through its standard invoicing process that include the allocation of the payment default.

Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities. The CAISO shall provide a Market Notice at least five (5) Business Days prior to such invoicing identifying the components of such Invoice or Payment Advice.

11.29.10.4 Emergency Procedures

11.29.10.5 Use of Estimated Data

In the event of an emergency or a failure of any of the CAISO software or business systems, the CAISO may use estimated Settlement Statements and Invoices and Payment Advices and may implement any temporary variation of the timing requirements relating to the Settlement and billing process contained in the CAISO Tariff. Details of the variation and the method chosen to produce estimated data, Settlement Statements and Invoices and Payment Advices will be published on the CAISO Website.

11.29.21.2 Evidence of Unpaid Amount

The CAISO shall, on request, certify in writing the amounts owed by a CAISO Debtor that remain unpaid and the CAISO Creditors to whom such amounts are owed and shall provide certified copies of the relevant Initial Settlement Statement T+7B and the Recalculation Settlement Statements, Invoices, Payment Advices, and other documentation on which the CAISO's certificate was based to the CAISO Debtor and the relevant CAISO Creditors. A CAISO certificate given under this Section 11.29.21.2 may be used as prima facie evidence of the amount due by a CAISO Debtor to CAISO Creditors in any legal proceedings.

11.29.23 Communications

The Initial Settlement Statement T+7B, any Recalculation Settlement Statement, and Invoices, and Payment Advices will be considered issued to CAISO Creditors or CAISO Debtors when released by the CAISO's secure communication system. Communications on a Payment Date relating to payment shall be made by the fastest practical means including by telephone. If there is a failure of a communication system and it is not possible to communicate by electronic means, then the CAISO or CAISO Creditor or CAISO Debtor, as the case may be, shall communicate by facsimile but only if the recipient is first advised by telephone to expect the facsimile. Methods of communication between the CAISO and Market Participants may be varied by the CAISO giving not less than ten (10) days notice to Market Participants on the CAISO's secure communication system.

11.29.24.1 Preparation

In September of each year, the CAISO will prepare a draft CAISO Payments Calendar for the following calendar year showing for each Trading Day:

- (a) The date by which Scheduling Coordinators are required to provide Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for all their Scheduling Coordinator Metered Entities for each Settlement Period in the Trading Day;
- (b) The date on which the CAISO will issue Initial Settlement Statements T+7B and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (c) The date by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Initial Settlement Statements T+7B pursuant to Section 11.29.8.2;
- (d) The date on which the CAISO will issue the Recalculation Settlement Statements T+38B, T+76B, T+18M, T+35M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;
- (e) The dates by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Recalculation Settlement Statements T+38B, T+76B, T+18M and T+35M.
- (f) The date and time by which CAISO Debtors are required to have made payments into the CAISO Clearing Account in payment of Invoices for that Trading Day;
- (g) The dates and times on which CAISO Creditors will receive payments from the CAISO Clearing Account of amounts owing to them for that Trading Day; and
- (h) In relation to Reliability Must-Run Charges and RMR Payments, the details set out in paragraph 3 of Appendix N, Part J.

The CAISO will make a draft of the CAISO Payments Calendar available on the CAISO Website to Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners any of which may submit comments and objections to the CAISO within two weeks of the date of posting of the draft on the CAISO Website. No later than October 31st in each year, the CAISO will publish the final CAISO Payments Calendar for the following calendar year, after considering the comments and objections received from Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners. The final CAISO Payments Calendar will be posted on the CAISO Website, and will show for the period from 1 January to 31 December in the next succeeding year (both dates inclusive), the dates on which Settlement Statements shall be published by the CAISO and the Payment Dates on which the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

37.5.2 Inaccurate Meter Data

37.5.2.1 Expected Conduct

Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than forty-three (43) calendar days after the Trading Day (T+43C). The failure to provide complete and accurate Settlement Quality Meter Data, as required by Section 10.3.6 that causes an error to exist in such Settlement Quality Meter Data after forty-three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule. Scheduling Coordinators that fail to submit Scheduling Coordinator Estimated Settlement Quality Meter Data that is

complete and based on a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period as required by Section 10 and that results in an error that is discovered after forty three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule.

37.5.2.2 Sanctions

Violations under this Section 37.5.2 shall be subject to Sanction described in Section 37.11.

37.5.2.3 Disposition of Sanction Proceeds

For purposes of redistributing collected market adjustments, any amounts collected under this provision shall be applied first to those parties affected by the conduct. Any excess amounts shall be disposed of as set forth in Section 37.9.4.

37.11 Method For Calculating Penalties

37.11.1 Method For Calculating Inaccurate Meter Data Penalty

There is no Sanction for the submission of inaccurate Meter Data used for an Initial Settlement Statement T+ 7B. However, an error in submitted Meter Data that exists after forty three (43) calendar days after the Trading Day (T+43C) constitutes a Rule of Conduct violation. The level of the Sanction depends on whether the Scheduling Coordinator or the CAISO discovered the error. An increased penalty will apply for errors that are discovered by the CAISO.

Table A1 below shows how the level of the Sanction depends on the following factors: whether or not the Scheduling Coordinator finds the error; whether or not the Scheduling Coordinator owes the market, and whether or not the CAISO performs a re-run of the market or produces a Recalculation Settlement Statement. If the CAISO issues a Recalculation Settlement Statement or performs a re-run, then Settlement to all Scheduling Coordinators is recalculated, and the impact of such re-runs on charges assessed will be considered. A penalty charge equal to thirty (30) percent of the estimated value of the Energy error will apply if the Scheduling Coordinator discovers the error or seventy-five (75) percent of the estimated value of the Energy error if the CAISO discovers the error. Penalty assessment and disposition of penalty proceeds will be administered as described in Section 37.9.1 and Section 37.9.4 respectively. A Sanction will not be imposed unless such Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.

<u>Table A1 – Calculation of Inaccurate Meter Data Penalty When There Is A Recalculation Settlement Statement or re-run</u> <u>Case</u>	<u>Does SC Owe Market?</u>	
<u>Case 1: SC Identifies Inaccurate Meter Data</u>	<u>Yes</u>	<u>Penalty = (MWh x applicable price) x 0.30</u>

<u>Case 1: SC Identifies Inaccurate Meter Data</u>	<u>No</u>	<u>Penalty = (MWh x applicable price) x 0.30</u>
<u>Case 2: CAISO Identifies Inaccurate Meter Data</u>	<u>Yes</u>	<u>Penalty = (MWh x applicable price) x 0.75</u>
<u>Case 2: CAISO Identifies Inaccurate Meter Data</u>	<u>No</u>	<u>Penalty = (MWh x applicable price) x 0.75</u>

Note to Table A1:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the values posted on OASIS for each Trading Hour of the applicable Trading Day period.

2. Method for Calculating Inaccurate Meter Data Penalty When there is not a Recalculation Settlement Statement or re-run.

If the CAISO does not perform a Recalculation Settlement Statement or re-run, for cases of inaccurate Meter Data, Table A2 will be used to determine and allocate penalty and any market adjustment amount. The market adjustment approximates the financial impact on the market; however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. The thirty (30) percent or seventy-five (75) percent penalty will be distributed as discussed in Section 37.9.4. For cases where the CAISO does not perform a Recalculation Settlement Statement or re-run and the Scheduling Coordinator does not owe the market, then no market adjustment will be performed and no penalty will be assessed.

<u>TABLE A2- Calculation Of Inaccurate Meter Data Penalty When There Is Not a Recalculation Settlement Statement or re-run</u>	<u>Does SC Owe Market?</u>	<u>CAISO does not perform a Recalculation Settlement Statement or re-run</u>
<u>Case</u>		
<u>Case 1: SC Identifies Inaccurate Meter Data</u>	<u>Yes</u>	<u>Market Adjustment = (MWh x applicable price)</u> <u>Penalty = (MWh x applicable price)) x 0.30</u>

<u>Case 1: SC Identifies Inaccurate Meter Data</u>	<u>No</u>	<u>No market adjustment will be made</u>
<u>Case 2: CAISO Identifies Inaccurate Meter Data</u>	<u>Yes</u>	<u>Market Adjustment = (MWh x applicable price)</u> <u>Penalty = (MWh x applicable price) x 0.75</u>
<u>Case 2: CAISO Identifies Inaccurate Meter Data</u>	<u>No</u>	<u>No market adjustment will be made</u>

Notes to Table A2:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.

A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.

If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made and no penalty will be assessed. If the CAISO produces a Recalculation Settlement Statement or performs a re-run after the error is corrected, then the Scheduling Coordinator will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to a Recalculation Settlement Statement or re-run, then a Sanction will be assessed to assure that Recalculation Settlement Statements or re-runs do not diminish the incentive to correct such errors. This Sanction would be thirty (30) percent of the Energy value of the error if the Scheduling Coordinator discovers the error or seventy-five (75) percent estimated value of the error if the CAISO discovers the error.

If the error is to the detriment of the market, then a charge equal to thirty (30) percent or seventy-five (75) percent of the estimated value of the error, as appropriate, will be added to the charge for the Energy. If there is no Recalculation Settlement Statement or re-run, then the cost of Energy supplied by the CAISO (and inappropriately charged to the market as Unaccounted for Energy) must be recovered as well, and the charge will be equal to one hundred thirty (130) percent or one hundred seventy-five (175) percent of the estimated value of the error, as appropriate.

2. Definitions

As used in this Appendix J, the capitalized terms defined below shall have the definitions specified in this Section 2. All other capitalized terms shall have the meaning specified in the Master Definition Supplement in Attachment A.

- Incremental Change

The change in dollar value of a specific Charge Code from the Initial Settlement Statement T+7B to a subsequent Recalculation Settlement Statement including any new Charge Codes or Trading Day charges appearing for the first time on a Settlement Statement.

- Recalculation Settlement Statement

The recalculation of a Settlement Statement in accordance with the provisions of the CAISO Tariff, which includes the Recalculation Settlement Statement T+38B, the Recalculation Settlement Statement T+76B, the Recalculation Settlement Statement T+18M, the Recalculation Settlement Statement T+35M, the Recalculation Settlement Statement T+36M or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

- Recalculation Settlement Statement T+76B

The reissue of an Initial Settlement Statement T+7B or a Recalculation Settlement Statement T+38B by the CAISO on the seventy-sixth (76th) Business Day from the relevant Trading Day (T+76B).

- Settlement Statement

Any one of the following: Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment C – Matrix of Proposed Changes

Settlement Process Timeline Change Amendment

August 1, 2011

**MATRIX OF PROPOSED CHANGES
SETTLEMENT PROCESS TIMELINE CHANGE AMENDMENT**

Section or Appendix	Reason
10.2.1.3	Existing section amended to establish deadlines for submitting revenue quality meter data and change references to new settlement statements.
10.3.6.2	Existing section amended to establish deadline for submitting revenue quality meter data for Recalculation Settlement Statement T+12B, allow submission of Estimated Settlement Quality Meter Data for demand response, change references to new settlement statements, renumber section, and change title.
10.3.6.3	Existing section amended to establish deadline for submitting Settlement Quality Meter data for Recalculation Settlement Statement T+55B, change references to new settlement statements, renumber section, and change title.
10.3.6.4	Existing section amended to establish deadline for submitting Settlement Quality Meter Data for Recalculation Settlement Statement T+9M, provide that meter data submitted outside the period from T+168B to T+172B will be rejected and not used for settlement calculations, change references to new settlement statements, renumber section, and change title.
11.1	Existing section amended to provide that Initial Settlement Statement T+3B is based on ISO estimates.
11.1.4	Revision to allow estimation of demand response for Initial Settlement Statement T+3B, correct typographical error, and add provision to establish estimation for net load of Metered Subsystem.
11.1.5	Existing section amended to change references to new settlement statements, allow for estimation of demand response for Recalculation Settlement Statement T+12B.
11.23	Existing section amended to change references to new settlement statements and correct typographical error.
11.29.5.2	Existing section amended to provide that Scheduling Coordinator nor ISO Estimated Settlement Quality Meter Data can be disputed on Recalculation Settlement Statement T+12B, change references to new settlement statements.
11.29.7.1	Existing section amended to provide revised timeline for settlements process, change references to new settlement statements.
11.29.7.1.3	Existing section amended to correct references to tariff sections.
11.29.7.2	Existing section amended to change references to new settlement statements.
11.29.7.3	Existing section renumbered and title changed.
11.29.7.3.1	New section to establish Unscheduled Reissue Recalculation Settlement Statement
11.29.7.3.2	Existing section amended to change references to new settlement statements.
11.29.7.3.3	Renumbered from 11.29.7.3.1
11.29.7.3.4	Renumbered from 11.29.7.3.2
11.29.7.3.5	Renumbered from 11.29.7.3.3
11.29.7.3.6	Renumbered from 11.29.7.3.4
11.29.8.3	Renumbered from 11.29.8.2 and title changed.
11.29.8.3.1	Existing section amended to change references to new settlement statements, renumbered from 11.29.8.2.1, and title changed.
11.29.8.3.2	Existing section amended to change references to new settlement statements, change dispute deadline for Recalculation Settlement Statement T+55B to 22 Business Days, renumbered from 11.29.8.2.1, and title changed.

**MATRIX OF PROPOSED CHANGES
SETTLEMENT PROCESS TIMELINE CHANGE AMENDMENT**

Section or Appendix	Reason
11.29.8.3.3	Existing section amended to change references to new settlement statements, and renumbered from 11.29.8.3.
11.29.8.4.2	Existing section amended to change references to new settlement statements, renumbered from 11.29.8.4.1, and title changed.
11.29.8.4.3	Existing section amended to change references to new settlement statements, change dispute deadline for Recalculation Settlement Statement T+55B to 22 Business Days, renumbered from 11.29.8.4.2, and title changed.
11.29.8.4.4	Existing section amended to change references to new settlement statements, change dispute deadline for Recalculation Settlement Statement T+9M to 22 Business Days, renumbered from 11.29.8.4.3, and title changed.
11.29.8.4.5	Existing section amended to change references to new settlement statements, change dispute deadline for Recalculation Settlement Statement T+18M to 22 Business Days, renumbered from 11.29.8.4.4, and title changed.
11.29.8.4.6	Existing section amended to change references to new settlement statements, change dispute deadline for Recalculation Settlement Statement T+35M to 5 Business Days, renumbered from 11.29.8.4.5, and title changed.
11.29.8.4.8	New section to establish dispute deadline of 22 Business Days and dispute process for Unscheduled Recalculation Settlement Statements.
11.29.8.5	Existing section amended to provide that ISO will reach a determination on a dispute of a Recalculation Settlement Statement or Unscheduled Recalculation Settlement Statement within 31 Business Days after the end of the dispute period for that statement.
11.29.10	Existing section amended to clarify that if Wednesday falls on an ISO holiday the ISO will issue the Invoice or Payment Advice on the next Business Day.
11.29.10.1	Existing section amended to delete language about semi-monthly invoicing provide for each Invoice or Payment Advise to include other billing periods as provided in the ISO Payments Calendar.
11.29.10.2	Existing section amended to provide that interest will be calculated on a daily basis.
11.29.24.1	Existing section amended to change references to new settlement statements
26.1.4.4	Existing section amended to provide for details of Wheeling Out or Wheeling Through transactions to be provided on a daily basis.
37.5.2	Title changed
37.5.2.1	Existing section amended to change the deadline for submitting complete and accurate Actual Settlement Quality Meter Data to T+48B and to provide that failure to meet the deadline is a violation of the Rules of Conduct, and provide that failure to submit complete and accurate Settlement Quality Meter Data as required by Section 10.3.6 that causes an error to exist after T+48B is violation of the Rules of Conduct and may be referred to DMM for investigation.
37.8.10	Existing section amended to change references to new settlement statements
37.9.3.1	Existing section amended to delete settlement statements not subject to penalty
37.11.1	Existing section amended to provide that failure by a Scheduling Coordinator, under a specific SCID, to submit Actual SQMD or replace Estimated SQMD with Actual SQMD by T+48B for one or more Resource IDs for a Trading Day is late SQMD and constitutes

**MATRIX OF PROPOSED CHANGES
SETTLEMENT PROCESS TIMELINE CHANGE AMENDMENT**

Section or Appendix	Reason
	<p>a Rule of Conduct violation with a Sanction of \$1,000, that failure by a Scheduling Coordinator to submit Actual SQMD or replace Estimated SQMD with Actual SQMD by T+48B for one or more Resource IDs and that Scheduling Coordinator also fails to submit Actual SQMD during the period specified in Section 10.3.6.3 for Recalculation Settlement T+9M is subject also to a Sanction of \$3,000, that submission by a Scheduling Coordinator of Actual SQMD that causes an error to exist in such data after T+48B is a Rule of Conduction violation with a Sanction of \$1,000, and that all Sanctions shall be found per SCID and levied per SCID, and title changed.</p>
37.11.2	<p>Existing section amended to provided that inaccurate Actual SQMD where the ISO does not perform a Recalculation Settlement Statement or re-run, will be a market adjustment and a Sanction of \$1,000. If the error is to the detriment of the responsible Scheduling Coordinator, and the ISO does not produce a Recalculation Settlement Statement or perform a re-run then no market adjustment will be made but the Sanction of \$1,000 will be levied.</p>

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment D – Board Memorandum

Settlement Process Timeline Change Amendment

August 1, 2011

Memorandum

To: ISO Board of Governors

From: Nancy Traweek, Director, Market Services

Date: July 6, 2011

Re: **Decision on the Settlement Process Timeline Change**

This memorandum requires Board action.

EXECUTIVE SUMMARY

In May 2011, the California Independent System Operator Corporation Board of Governors reviewed and authorized Management to proceed with the necessary actions to implement the credit policy enhancements to support FERC Order 741-Credit Reforms in Organized Wholesale Electric Markets. At that time, Management stated that the ISO settlement team was engaged in a stakeholder process to make additional improvements to the ISO settlement timeline¹ and intended to implement these changes in conjunction with the credit reform items on October 1, 2011.

Management is seeking Board approval of the following five enhancements to the settlement process timeline:

- Shortening the timeframe between the scheduled settlement statement publications;
- Adding authority to process an unscheduled corrective action settlement statement;
- Adjusting the submittal timeline for settlement quality meter data;
- Modifying the sanction under the rules of conduct for inaccurate and timely settlement of settlement quality meter data; and
- Adjusting the invoicing method.

The changes recommended are in harmony with the concept of early market settlement and still provide the market participants additional time to submit the highest quality meter data needed for financial certainty.

Management believes these changes, in combination with the approved credit policy enhancements, will provide additional market settlement efficiencies for both the market participants and the ISO.

¹ The ISO settlement timeline provides market participants with the required dates for meter data submittals, settlement statement publication and invoice issuance, and available dispute periods.

Moved, that the ISO Board of Governors approves the proposed settlement process timeline tariff change as described in the memorandum dated July 6, 2011;and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

DISCUSSION AND ANALYSIS

The implementation of the credit reform enhancements accelerates the initial settlement statement by introducing a settlement statement three business days (referred to as T+3B) after the market trade day. The introduction of the T+3B settlement statement and the existing large gap between subsequent statements precipitated a re-evaluation of the timelines for settlements and meter data submittals. Therefore, an initiative was commenced to consider changes to the settlement timeline to provide a more effective and efficient overall settlement process.

The current settlement timeline includes three mandatory settlement statements published between seven business days and 76 business days after the market trade date. In addition, the ISO can publish three optional settlement statements. The optional statements are published as necessary to ensure any approved settlement corrections are performed prior to the settlement sunset date. The sunset provision in the tariff precludes settlement adjustments after three years, except in limited circumstances as directed by the Board or Commission order.

Shortening the timeframe between the scheduled settlement statement publications

The ISO and stakeholders reviewed the entire settlement cycle and determined that certain settlement statements could be accelerated in the current timeline. The chart below provides the present and proposed settlement statement publication dates. The last three statements will remain the same. Note “B” refers to business days and “M” refers to months in the table below.

Present Statements	Proposed Statements
T+7B	T+3B
T+38B	T+12B
T+76B	T+55B
Na	T+9M (optional)
T+18M (optional)	T+18M (optional)
T+35M (optional)	T+35M (optional)
T+36M (optional)	T+36M (optional)

Other changes are needed to adjust the dispute periods after the associated settlement statement publication to allow ample time for market participants to assess the results and submit disputes.

Additionally, there is a large gap of time for settlement if a settlement dispute or an ISO-discovered issue that is not resolved by the T+76B statement occurs. Settlement issues are then not financially settled until the next scheduled settlement statement at T+18M. The ISO is recommending an optional settlement statement at T+9M, to be used only when needed, to

close this gap and potentially move forward the opportunity for final settlement of a given trade date. This optional settlement statement is identified in the above chart.

Adding authority to process an unscheduled corrective action settlement statement

While the introduction of a T+9M optional settlement statement significantly closes a known gap, the ISO and market participants recognize that a sizeable gap also exists between the proposed T+9M statement and the T+18M statement. A further gap exists between the T+18M statement and the next opportunity to resolve issues at T+35M. Therefore, the ISO is recommending tariff changes to allow the ISO to recalculate and invoice a corrective statement for issues identified on either the T+9M statement or the T+18M statement that is later found to contain a material settlement calculation error that results in a significant market financial impact. Management believes that the appropriate criterion to perform this unscheduled corrective settlement is a fiscal impact greater than \$1,000,000 to the market as a whole for the given trading day.

Adjusting the submittal timeline for Settlement quality meter data

Settlement quality meter data is a critical component in the accuracy of market settlements. The ISO uses both ISO-gathered meter data (mainly generation, imports and exports) and scheduling coordinator-submitted settlement quality meter data (mainly load) for the billing quantities for market settlement. The proposed settlement statement timeline allows for associated changes to the submittal dates for settlement quality meter data. The due dates for meter data submittals to support the different settlement statements are provided in the chart below. The recommended due date of T+48B is an important change from the present due date. This change provides for two retail billing cycles to pass before the actual settlement quality meter data is required to be submitted to the ISO. The ISO and the majority of stakeholders believe that this additional time will reduce the need to resubmit revised meter data after the T+48B timeframe and provide for a more accurate market settlement earlier in the settlement timeline.

Meter Data Due Date	Settlement Statement
T+8B	T+12B
T+48B	T+55B
T+172B (window T+168 to T+172B)	T+9M

Modifying the sanction under the Rules of Conduct for Inaccurate and Timely Settlement of Settlement Quality Meter Data

In conjunction with these changes, a revision is recommended to the Rules of Conduct penalty related to the submittal of actual settlement quality meter data. Presently, if a scheduling coordinator submits corrected settlement quality meter data after the T+43 calendar day, deadline, an inaccurate meter data penalty applies. The penalty is based on the volume difference from the initial meter data submittal and the corrected submittal. The level of penalty is 30% of the value of the energy in error if identified by the scheduling coordinator and 75% if the error is discovered by the ISO. The sanction is in addition to interest charges calculated during the re-settlement process. The ISO believes that the current penalty is overly burdensome for submitting correcting meter data and that an appropriate incentive for the

market participants to submit accurate and timely settlement quality meter data would be a set sanction of \$1,000 for each trade day corrected. The ISO believes that this sanction and the changed timelines will incent market participants to put into place applicable controls to assure that settlement quality meter data is submitted by the required due date while still allowing a reasonable time for scheduling coordinators to gather and submit the data without incurring penalties. The ISO will monitor the frequency of this new penalty sanction in incenting appropriate meter data submittal behavior. If there appears to be a decline in scheduling coordinators' performance, the ISO will recommend an increased sanction.

Adjusting the invoicing method

With the weekly invoicing methodology created by the credit reform enhancements, the ISO is recommending that the billing periods on the invoices for the T+3B and the T+12B settlement statements be revised. The change will align the trade dates invoice for the T+12B recalculation period with the same trade dates invoiced during the T+3B initial period. The majority of market participants believe that this alignment would provide for efficient accounting and reconciliation.

POSITIONS OF THE PARTIES

The ISO conducted a stakeholder process over the past few months made up of the following meetings and conference calls – each with a corresponding written comment period:

- Web conference call to discuss Issue Paper – May 3, 2011
- Web conference call to discuss the ISO Straw Draft Proposal – May 19, 2011
- Web conference call to discuss the ISO Final Draft Proposal – June 16, 2011

Papers, proposals and all other related stakeholder meeting materials are available on the ISO Settlement Process Timeline Change Stakeholder Process webpage at <http://www.caiso.com/2b6b/2b6b81c056f40.html>. A stakeholder matrix summarizing the position of a representative sample of stakeholders accompanies this memorandum in Attachment A.

Stakeholders generally supported Management's proposals throughout the stakeholder process. However, certain stakeholders expressed concerns that the timelines for invoicing also should be changed. The final proposal accommodates the market participants' suggestions and provides for like trade dates in the invoices.

Stakeholders also requested that criteria be created to measure the impact of corrective settlement statements on an individual scheduling coordinator and to aggregate smaller corrections that may be needed over multiple days to get to the \$1 million threshold for an unscheduled corrective settlement. The ISO intends to use this correction settlement process rarely, and only when the error has a significant impact on the overall market. The ISO will indeed correct all of these issues; however, unless it is a significant impact to the market, it will be done on the next available settlement statement for that trade day rather than an unscheduled correction statement.

Management feels its proposal is reasonable and provides additional benefits to the market participants including a more efficient and accurate overall settlement process.

MANAGEMENT RECOMMENDATION

Management recommends the following changes to the settlement process timeline and associated activities:

- The publication of settlement statements and settlement dispute deadlines:

Proposed Statements
T+3B
T+12B
T+55B
T+9M (optional)
T+18M (optional)
T+35M (optional)
T+36M (optional)

Statement Publication	Settlement Dispute Deadline	Settlement Dispute Scope
T+12B	T+26B	All, but estimated meter data
T+55B	T+77B	All
T+9M (T+194B)	T+10M (T+216B)	Incremental changes only

- Propose tariff language to allow the ISO to process an unscheduled correction settlement statement after T+9M or T+18M if the appropriate criteria have been met.
- Meter data submittal at:

Meter Data Due Date	Settlement Statement
T+8B	T+12B
T+48B	T+55B
T+172B (window of T+168 to T+172B)	T+9M

- Change the calculation methodology of the sanctions for rules of conduct violations related to meter data submittals. First, the specific sanction for failure to submit actual settlement quality meter data by T+48B would be calculated as a \$1,000 penalty and the scheduling coordinator must submit settlement quality meter data for use in the T+9M settlement statement. The specific sanction for failing to submit settlement quality meter data for the subsequent T+9M settlement statement would be \$3,000. Second, for submittal of revised settlement quality meter data after T+48B, the sanction would be \$1,000 regardless of the size of the megawatt value change. All applicable settlement charge codes for the T+9M statement would be calculated based on the revised meter data and interest would be calculated and applied to the invoiced difference.
- Deviation interest changed to be calculated on a daily basis trade date by trade date.
- Align the T+3B and T+12B settlement statement billing periods for weekly invoices.

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment E – Stakeholder Comments Matrix

Settlement Process Timeline Change Amendment

August 1, 2011

Stakeholder Process: Settlement Process Timeline Change

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One, 05/09/2011
- Round Two, 05/26/2011
- Round Three, 06/23/2011

Stakeholder comments are posted at: <http://www.caiso.com/2b6b/2b6b81c056f40.html>

Other stakeholder efforts include:

- Web conference call to discuss Issue Paper – 05/03/2011
- Web conference call to discuss the ISO's Straw Draft Proposal – 05/19/ 2011
- Web conference call to discuss the ISO's Final Draft Proposal – 06/16/ 2011

Management Proposal	SCE (IOU)	PG&E (IOU)	Calpine	Powerex	Management Response
Shortening the timing between the scheduled settlement statement publications.	Support	Support Understands ISO's position to estimate all meter data for the T+3B statement; however, should consider in the tariff update language to incorporate actual meter data in the future.	Support General support for the timeline changes; however, recommended some changes to the various deadlines.	Support	<p>The ISO considered alternatives to the various dates recommended by the market participants; however, the majority of the market participants supported the final proposal's timeline. The ISO believes this proposal supports the principles outlined in FERC Order 741.</p> <p>The ISO will be estimating all meter data required for the T+3B settlement statement and will monitor technology improvements which could support the use of actual meter data in the future.</p>
	Brookfield Support	NCPA Conditional NCPA supports timeline changes that result in shortened statement and invoicing periods.	Six Cities Support The Six Cities supported an alternative timeline.	WAPA, SNR Support	
	Pilot Power	WAPA, DSR	SDG&E (IOU)		
	Support	Support	Support		

Management Proposal	SCE (IOU)	PG&E (IOU)	Calpine	Powerex	Management Response
Adding authority to process an unscheduled corrective action settlement statement.	Support Suggests an additional criteria for errors spanning multiple days but do not meet the \$1,000,000 threshold	Support	Conditional Suggest the statement be advisory.	Support Suggests additional criteria for individual SC.	The ISO does not expect to use the unscheduled corrective settlement statement process frequently. As discussed in the stakeholder process, the settlement would only be used for events with material settlement impacts to the market participants. The ISO continues to work hard to eliminate processing errors and to continuously improve the monitoring and controls of all of our system. We recognize that market participants are also working to improve their systems and we understand the impact of an unscheduled settlement statement. However, in this area, we did receive a majority of the market participants' support and therefore, believe that the addition of the tariff language will benefit the overall market.
	Brookfield	NCPA	Six Cities	WAPA, SNR	
	No Comment	Oppose NCPA supports the continuation of scheduled and predictable recalculated settlement statement.	Support Suggests additional criteria for individual SC.	Support Suggests additional criteria for individual SC.	
	Pilot Power	WAPA, DSR	SDG&E (IOU)		
	Support Suggests additional criteria for individual SC.	Support Suggests additional criteria for individual SC.	Support Suggests additional criteria for individual SC.		

Management Proposal	SCE (IOU)	PG&E (IOU)	Calpine	Powerex	Management Response
Adjusting the submittal timeline for settlement quality meter data.	Support	Support	Support	No Comment	The ISO received strong support for adjusting the submittal timeline for settlement quality meter data. The ISO believes that the changes proposed should eliminate the need for multiple resubmittals of settlement quality meter data while providing more efficient data submittals for the market participants.
	Brookfield	NCPA	Six Cities	WAPA, SNR	
	No Comment	No Comment	Support Suggests alternative submittal dates.	Support	
	Pilot Power	WAPA, DSR	SDG&E (IOU)		
	Conditional Suggested additional meter data submittal dates.	Support	Support		

Management Proposal	SCE (IOU)	PG&E (IOU)	Calpine	Powerex	Management Response
Modifying the sanction under the Rules of Conduct for Inaccurate and Timely Settlement of Settlement Quality Meter Data	Support	Support	Support	No Comment	The ISO received strong support for the changed to the Rules of Conduct sanctions for inaccurate or late actual settlement quality meter data and believes the changes will incent market participants to comply with the settlement quality meter data submittal requirements. The ISO is committed to monitor the implementation of this change as well as all Rules of Conduct requirements.
	Brookfield	NCPA	Six Cities	WAPA, SNR	
	No Comment	No Comment	Support	Support	
	Pilot Power	WAPA, DSR	SDG&E (IOU)		
	Oppose Pilot Power stated that the penalty imposed does not supports what is actually happening in the real world and puts unjust responsibility on the scheduling coordinator for something they have no control over.	Support	Support		

Management Proposal	SCE (IOU)	PG&E (IOU)	Calpine	Powerex	Management Response
Adjusting the invoicing method.	Support	Support	No comment	Support	The ISO received strong support for the alignment of the weekly invoices to have the same trade days invoiced at T+3B and later on the T+12B invoice.
	Brookfield	NCPA	Six Cities	WAPA, SNR	
	Support	Oppose	No comment	Support	
	Pilot Power	WAPA, DSR	SDG&E (IOU)		
	No comment	Support	Support		