

Master Definitions Supplement

Access Charge

A charge paid by all Market Participants withdrawing Energy from the ISO Controlled Grid, as set forth in Section 7.1. The Access Charge will recover that portion of the Participating TO's Transmission Revenue Requirement not recovered through Transmission Revenue Credits.

Active Zone

The Zones so identified in Appendix I to the ISO Tariff.

Actual Imbalance

A deviation between scheduled Generation and metered Generation at each UDC/ISO Controlled Grid boundary or at each Participating Generator's delivery point or a deviation between scheduled Load and metered Load at each UDC/ISO Controlled Grid boundary or ISO Control Area boundary.

Adjustment Bid

A bid in the form of a curve defined by (i) the minimum MW output to which a Scheduling Coordinator will permit a resource (Generating Unit or Dispatchable Load) included in its Schedule or, in the case of an Inter-SC Trade, included in its Schedule or the Schedule of another Scheduling Coordinator to be redispatched by the ISO; (ii) the maximum

MW output to which a Scheduling Coordinator will permit the resource included in its Schedule or, in the case of an Inter-SC Trade, included in its Schedule or the Schedule of another Scheduling Coordinator, to be redispatched by the ISO; (iii) up to a specified number of MW values in between; (iv) a preferred MW operating point; and (v) for the ranges between each of the MW values greater than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to increase the output of the resource included in its Schedule or, in the case of an Inter-SC Trade, included in its Schedule or the Schedule of another Scheduling Coordinator and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

Alert Notice

A Notice issued by the ISO when the operating requirements of the ISO Controlled Grid are marginal because of Demand exceeding forecast, loss of major Generation, or loss of transmission capacity that has curtailed imports into the ISO Control Area, or if the Hour-Ahead Market is short on scheduled Energy and Ancillary Services for the ISO Control Area.

Ancillary Services

Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.

Ancillary Service Provider

A Participating Generator or Participating Load who is

eligible to provide an Ancillary Serviced.

Applicable Reliability Criteria

The reliability standards established by NERC, WSCC, and Local Reliability Criteria as amended from time to time, including any requirements of the NRC.

Applicants

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and any others as applicable.

Approved Credit Rating

With respect to whether security must be posted for payment of the Grid Management Charge:

(a) A short-term taxable commercial paper debt rating of not less than any one of the following: (i) A1 by Standard and Poor's Corporation; (ii) D1 by Duff & Phelps Credit Rating Agency; (iii) F1 by Fitch IBCA Incorporated; or (iv) P1 by Moody's Investors Service. This rating shall be an issuer, or counterparty rating, without the benefit of credit enhancement.

(b) A short-term tax exempt commercial paper debt rating of not less than any one of the following: (i) A1 by Standard and Poor's Corporation; (ii) V1 by Fitch IBCA Incorporated; or (iii) VMIG1 by Moody's Investors Service. This rating shall be an issuer, or counterparty

rating, without the benefit of credit enhancement.

With respect to whether security must be posted for payment of all charges other than the Grid Management Charge:

(c) A short-term tax exempt commercial paper debt rating of not less than any one of the following: (i) A2 by Standard and Poor's Corporation; (ii) D2 by Duff & Phelps Credit Rating Agency; (iii) F2 by Fitch IBCA Incorporated; or (iv) P2 by Moody's Investors Service. This rating shall be an issuer, or counterparty rating, without the benefit of credit enhancement.

(d) A short-term tax exempt commercial paper debt rating of not less than any one of the following: (i) A2 by Standard and Poor's Corporation; (ii) V2 by Fitch IBCA Incorporated; or (iii) VMIG2 by Moody's Investors Service. This rating shall be an issuer, or counterparty rating, without the benefit of credit enhancement.

(e) A long-term debt rating of not less than any one of the following: (i) A- by Standard and Poor's Corporation; (ii) A- by Duff & Phelps Credit Rating Agency; (iii) A- by Fitch IBCA Incorporated; or (iv) A3

by Moody's Investors Service. This rating shall be an issuer, or counterparty rating, without the benefit of credit enhancement.

With respect to whether security must be posted for payment of all charges:

(f) A federal agency shall be deemed to have an Approved Credit Rating if its financial obligations under the ISO Tariff are backed by the full faith and credit of the United States.

(g) A California state agency shall be deemed to have an Approved Credit Rating if its financial obligations under the ISO Tariff are backed by the full faith and credit of the State of California.

(h) Another credit rating approved by the ISO Board of Governors.

Approved Load Profile

Local Regulatory Authority approved Load profiles applied to cumulative End-Use Meter Data in order to allocate consumption of Energy to Settlement Periods.

Approved Maintenance Outage

A Maintenance Outage which has been approved by the ISO through the ISO Outage Coordination Office.

Availability Measure

An indication for measuring the performance of

provide balancing Energy in response to such deviations. As of the ISO Operations Date, the BEEP Interval shall be ten (10) minutes. Following a decision, by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at <http://www.caiso.com> (or such other internet address as the ISO may publish from time to time), increase or decrease the BEEP Interval within the range of five (5) to thirty (30) minutes.

BEEP Interval Ex Post Prices

The prices charged to or paid by Scheduling Coordinators for Imbalance Energy in each Zone in each BEEP Interval.

	Generator.
<u>Dependent Participating TO</u>	A Participating TO that is not Self-Sufficient.
<u>Direct Access Demand</u>	The Demand of Direct Access End-Users.
<u>Direct Access End-User</u>	An Eligible Customer located within the Service Area of a UDC who purchases Energy and Ancillary Services through a Scheduling Coordinator.
<u>Direct Access Generation</u>	An Eligible Customer who is selling Energy or Ancillary Services through a Scheduling Coordinator.
<u>Dispatch</u>	The operating control of an integrated electric system to: i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
<u>Dispatchable Loads</u>	Load which is the subject of an Adjustment Bid.
<u>Distribution System</u>	The distribution assets of a TO or UDC.
<u>EEP (Electrical Emergency Plan)</u>	A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve.

ISO Security Amount

The level of security provided in accordance with Section 2.2.3.2 of the ISO Tariff by an SC Applicant who does not have an Approved Credit Rating. The ISO Security Amount may be separated into two components: (i) the level of security required to secure payment of the Grid Management Charge; and (ii) the level of security required to secure payment of all charges other than the Grid Management Charge.

discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time.

Order No. 889

The final rule issued by FERC entitled "Open Access Same-Time Information System (formerly Real Time Information Networks) and Standards of Conduct," 61 Fed. Reg. 21,737 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,035 (1996), Order on Rehearing, Order No. 889-A, 78 FERC ¶ 61,221 (1997), as it may be amended from time to time.

Outage

Disconnection or separation, planned or forced, of one or more elements of an electric system.

Overgeneration

A condition that occurs when total Generation exceeds total Demand in the ISO Control Area.

Participating Buyer

A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.

Participating Load

An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.

**Participating Seller or
Participating Generator**

A Generator or other seller of Energy or Ancillary

	Losses, Load, and trades between Scheduling Coordinators to resolve Inter-Zonal Congestion.
<u>Supplemental Energy</u>	Energy from Generating Units bound by a Participating Generator Agreement, Loads bound by a Participating Load Agreement, System Units, and System Resources which have uncommitted capacity following finalization of the Hour-Ahead Schedules and for which Scheduling Coordinators have submitted bids to the ISO at least half an hour before the commencement of the Settlement Period.
<u>Supply</u>	The rate at which Energy is delivered to the ISO Controlled Grid measured in units of watts or standard multiples thereof, e.g., 1,000W=1 KW; 1,000 KW = 1MW, etc.
<u>Supply Market Participant</u>	Any Generator on behalf of whom Generation and Ancillary Services are scheduled pursuant to the ISO Tariff.
<u>System Emergency</u>	Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of

