

ISO Tariff Appendix F
Schedule 3
High Voltage Access Charges

1. Objectives and Definitions

1.1 Objectives

- (a) The Access Charge will remain utility-specific until a New Participating TO executes the Transmission Control Agreement, at which time the Access Charge will change as discussed below.
- (b) The Access Charge is the charge assessed for using the ISO Controlled Grid. It consists of three components, the High Voltage Access Charge (HVAC), the Transition Charge and the Low Voltage Access Charge (LVAC).
- (c) The HVAC ultimately will be based on one ISO Grid-wide rate. Initially, the HVAC will be based on TAC Areas, which will transition 10% per year to ISO Grid-wide. In the first year after the Transition Date described in Section 4.2 of this Schedule 3, the HVAC will be a blend based on 10% ISO Grid-wide and 90% TAC Area.
- (d) New High Voltage Transmission Facility additions and capital additions to existing High Voltage Transmission Facilities will be immediately included in the ISO Grid-wide component of the HVAC.
- (e) The LVAC will remain utility-specific and will be determined by each Participating TO.
- (f) The cost-shift associated with transitioning from utility-specific rates to one ISO Grid-wide rate will be mitigated in accordance with the ISO Tariff, including this schedule.

1.2 Definitions

(a) Master Definition Supplement

Unless the context otherwise requires, any word or expression defined in the Master Definition Supplement shall have the same meaning where used in this Schedule 3.

(b) Special Definitions for this Appendix

When used in this Schedule 3 with initial capitalization, the following terms shall have the meanings specified below.

"Existing High Voltage Transmission Facility" means a High Voltage Transmission Facility of a Participating TO that is not a New High Voltage Transmission Facility.

"High Voltage Utility-Specific Rate" means a Participating TO's High Voltage Transmission Revenue Requirement divided by such Participating TO's forecasted Gross Load.

"TAC Benefit" means (a) the amount, if any, for each year by which the cost of High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the Service Area of, or directly served by, the New Participating TO is reduced by the implementation of the High Voltage Access Charge

described in Schedule 3 to Appendix F; reduced by (b) the difference between (i) the amount that the New Participating TO pays for Grid Management Charges; and (ii) the amount that the New Participating TO would have paid for Grid Management Charges had the participant not been a New Participating TO. The TAC Benefit of a New Participating TO shall not be less than zero.

"Transition Date" means the date defined in Section 4.2 of this Schedule.

2. Assessment of High Voltage Access Charge and Transition Charge.

All UDCs or MSSs providing Energy delivered for the supply of all Gross Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS, and all Scheduling Coordinators providing Energy delivered for the supply of all Gross Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS shall pay to the ISO a charge for transmission service on the High Voltage Transmission Facilities included in the ISO Controlled Grid. The charge will be based on the High Voltage Access Charge applicable to the TAC Area in which the point of delivery is located and the applicable Transition Charge. A UDC or a MSS that is also a Participating TO shall pay, or receive payment of, if applicable, the difference between (i) the High Voltage Access Charge and Transition Charge applicable to its transactions as a UDC or MSS; and (ii) the disbursement of High Voltage Access Charge revenues to which it is entitled pursuant to Section 7.1.3 of the ISO Tariff.

3. TAC Areas.

3.1 TAC Areas are based on the Control Areas in California prior to the ISO Operations Date. Three TAC Areas will be established based on the Original Participating TOs: (1) a Northern Area consisting of the Service Area of Pacific Gas and Electric Company and the Service Area of any entity listed in Section 3.3 or 3.5 of this Schedule; (2) an East Central Area consisting of the Service Area of Southern California Edison Company and the Service Area of any entity listed in Section 3.4, 3.5 or 3.6 (as indicated therein) of this Schedule 3; and (3) a Southern Area consisting of the Service Area of San Diego Gas & Electric Company. Participating TOs that are not in one of the above cited Service Areas are addressed below.

3.2 If the Los Angeles Department of Water and Power joins the ISO and becomes a Participating TO, its Service Area will form a fourth TAC Area, the West Central Area.

8. Updates to High Voltage Access Charges.

8.1 High Voltage Access Charges shall be adjusted effective January 1 and July 1 of each year to reflect: (1) the addition of any New Participating TO during the preceding six months and (2) changes to the High Voltage Transmission Revenue Requirements of any Participating TO that were accepted or authorized by the FERC, consistent with Section 9 of this Schedule 3, during the preceding six months. In addition, each semi-annual adjustment shall include, as necessary, the following adjustment for High Voltage Access Charge billings in the prior period. Using the High Voltage Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for each Participating TO during each month of the six months, the ISO will recalculate on a monthly basis the High Voltage Access Charge and Transition Charge applicable during such period. For each Participating TO, the ISO will then calculate for each month of the prior six months the difference between the net amount billed to or received by the Participating TO under Section 10.2 of this Schedule 3 and the amount the Participating TO would have received or been billed under Section 10.2 using the High Voltage Access Charge and Transition Charge recalculated in accordance with this Section 8.1. Each Participating TO will reflect this calculated difference in the balancing mechanism that applies to its High Voltage Transmission Revenue Requirement. In the semi-annual adjustment, the ISO will revise the High Voltage Access Charges and the Transition Charges for the subsequent period for each Participating TO to reflect the impact of (1) and (2) above as well as the calculated difference in the prior period billings as described above.

8.2 For service provided by a Participating TO prior to the Transition Date, no refund ordered by FERC or amount accrued to that Participating TO's Transmission Revenue Balancing Account related to such service shall be reflected in the High Voltage Access Charge, Low Voltage Access Charge, the High Voltage Transmission Revenue Requirement, or the Low Voltage Transmission Revenue Requirement of a Participating TO. For service provided by a Participating TO following the Transition Date, any refund associated with a Participating TO's Transmission Revenue Requirement that has been accepted by FERC, subject to refund, shall be included in the Transmission Revenue Balancing Account unless otherwise ordered by FERC.

9. Approval of Updated High Voltage Revenue Requirements

9.1 Participating TOs that are FERC-jurisdictional entities will make the appropriate filings at FERC to establish their Transmission Revenue Requirements for their Low Voltage Access Charges and the applicable High Voltage Access Charges, and to obtain approval of any changes thereto. All such filings with the FERC will include appropriate

Gross Load data and other information required by the FERC to support the Access Charges. The Participating TO will provide a copy of its filing to the ISO.

- 9.2** If the Participating TO is not FERC jurisdictional, the Participating TO shall at its sole option: (1) file its High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO directly with the Commission in accordance with the rules and requirements established by the Commission; or (2) submit to the ISO its Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO, and the ISO shall publish such submission on the ISO Home Page. For the second option, the High Voltage and Low Voltage Transmission Revenue Requirement shall be submitted in a format and supported by information that substantially follows the FERC requirement for Transmission Revenue Requirement submissions or reconciles major differences in format. If, within 60 days of publication of such submission, the ISO does not raise an objection with the Participating TO, and no affected party raises an objection by written notification to the ISO and the Participating TO, the Transmission Revenue Requirement shall be accepted as submitted. If an objection is raised, the ISO will convene a meeting, the objective of which will be to achieve agreement over the Participating TO's TRR, applying, to the extent practicable, the guidelines and rulings of the FERC applicable to the determination of the TRR of

Participating TOs that are FERC jurisdictional. If the ISO determines that a consensual resolution is unlikely, it will so notify the Participating TO and the dispute shall be submitted to a Revenue Review Panel established by the ISO for resolution of the just and reasonable TRR of the Participating TO. The Revenue Review Panel shall consist of three individuals with substantial experience in the establishment of unbundled transmission rates for public utilities. Members of the panel may not have a financial stake in any participant in the California electricity market. The ISO shall establish, modify as necessary and appropriate from time to time, and post on the ISO Home Page rules of procedure for proceedings before the Revenue Review Panel, which rules shall afford the ISO and interested Market Participants the opportunity to participate and to submit information to the panel. In deciding upon a just and reasonable TRR for the Participating TO, the Revenue Review Panel shall, to the extent practicable, apply the guidelines and rulings of the FERC applicable to the determination of the TRR of a Participating TO that is FERC jurisdictional. The decision of the panel shall be subject to review and acceptance by the FERC.

9.3 Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their High Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations, including filing with FERC. The procedures for public participation in a federal power marketing agency's ratemaking process shall be posted on the federal power marketing agency's website. The federal power marketing agency's shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's High Voltage Transmission Revenue Requirement.

10. Disbursement of High Voltage Access Charge and Transition Charge Revenues.

- 10.1** High Voltage Access Charge and Transition Charge revenues shall be calculated for disbursement to each Participating TOs on a monthly basis as follows:
- (a) the amount determined in accordance with Section 7.1.2 of the ISO Tariff ("Billed HVAC/TC");
 - (b) calculate the amount each UDC or MSS Scheduling Coordinators serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS would have paid and the Participating TO would have received by multiplying the High Voltage Utility-Specific Rates for the Participating TO whose High Voltage Transmission Facilities served such UDC or MSS and Scheduling Coordinators serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS times the actual Gross Load of such UDC's or MSS's

- and Scheduling Coordinator's serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS ("Utility-specific HVAC");
- (c) if the total Billed HVAC/TC in subsection (a) received by the ISO less the total Utility-specific HVAC in subsection (b) is different from zero, the ISO shall allocate the positive or negative difference among Participating TOs based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of the Participating TOs' High Voltage Transmission Revenue Requirement. This monthly distribution amount is the "HVAC Revenue Adjustment";
- (d) the sum of the Utility-specific HVAC in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.
- 10.2** If the same entity is both a Participating TO and a UDC or MSS, then the monthly High Voltage Access Charge and Transition Charge amount billed by the ISO will be the charges payable by the UDC or MSS in accordance with Section 7.1.2 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d). If this difference is negative, that amount will be paid by the ISO to the Participating TO.
- 10.3** If a Participating TO does not deliver electricity directly to End-Use Customers, prior to any such entity becoming a Participating TO this Section 10 will be amended to specify the method for revenue disbursement to such Participating TO.