

ATTACHMENT B

7. TRANSMISSION PRICING.

7.1 Access Charges.

All Market Participants withdrawing Energy from the ISO Controlled Grid shall pay Access Charges in accordance with this Section 7.1. Prior to the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charge for each Participating TO shall be determined in accordance with the principles set forth in this Section 7.1 and in Section 5 of the TO Tariff. The Access Charge shall comprise of two components, which together shall be designed to recover each Participating TO's Transmission Revenue Requirement. The first component shall be based on the Transmission Revenue Requirement without any adjustment for revenues associated with Wheeling and Usage Charges ("Transmission Revenue Credits"). The second component shall be based on the proceeds of the Transmission Revenue Balancing Account (TRBA) which shall be designed to flow through to the Participating TO's Transmission Revenue Credits, which are calculated in accordance with Section 5 of the TO Tariff.

Commencing on the transition date determined under Section 4 of Schedule 3 to Appendix F, the Access Charges shall be paid by the UDC or MSS delivering the Energy for the supply of Gross Load and by Scheduling Coordinators serving Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS and shall consist, where applicable, of a High Voltage Access Charge, a Transition Charge and a Low Voltage Access Charge. High Voltage Access Charges and Low Voltage Access Charges shall comprise two components, which together shall be designed to recover each Participating TO's High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement, as applicable. The first component shall be based on the Transmission Revenue Requirement without any adjustment for revenues associated with Wheeling and Usage Charges (Transmission Revenue Credits), but including credits for Standby Transmission Revenues. The second component shall be based on the proceeds of the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue. To the extent necessary, the Original Participating TO shall make conforming changes to their TO Tariff.

The High Voltage Access Charge and the Transition Charge shall be paid to the ISO based on all Energy delivered for the supply of Gross Load by the UDC, MSS, and Scheduling Coordinator in the

Participating TO Service Area directly from a High Voltage Transmission Facility. The High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge for the applicable Participating TO shall be paid on all Energy delivered to all other Gross Load by the UDC, MSS, and Scheduling Coordinator in the Participating TO Service Area. The applicable High Voltage Access Charge and Transition Charge shall be assessed by the ISO as a charge for transmission service under this ISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the High Voltage Access Charge and Transition Charge set forth therein. The Low Voltage Access Charge for each Participating TO is set forth in that Participating TO's TO Tariff. If a Participating TO is using the Low Voltage Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Low Voltage Access Charge of the other Participating TO. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

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7.1.2 High Voltage Access Charge and Transition Charge Settlement. UDCs, MSSs and Scheduling Coordinators in the Participating TO Service Area shall be charged on a monthly basis, in arrears, the applicable High Voltage Access Charge and Transition Charge. The High Voltage Access Charge and Transition Charge for a billing period is calculated by the ISO as the product of the applicable High Voltage Access Charge or Transition Charge, as applicable, and all Energy delivered for the supply of Gross Load connected to the facilities of the UDC or MSS in the Participating TO Service Area, or for a Scheduling Coordinator in the Participating TO Service Area with respect to the Gross Load of End-Use Customers not directly connected to the facilities of a UDC or MSS, all Energy delivered to such Gross Load. The High Voltage Access Charge and Transition Charge are determined in accordance with Schedule 3 of Appendix F of the ISO Tariff. These rates may be adjusted from time to time in accordance with Schedule 3 to Appendix F. A UDC or an MSS that is also a Participating TO shall pay, or receive payment of, if applicable, the difference between (i) the High Voltage Access Charge 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.

ISO Tariff Appendix F

Schedule 3

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

All UDCs or MSSs in a Participating TO Service Area 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 in the Participating TO Service Area 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.

- 5.4 The HVAC applicable to each UDC, and MSS in the Participating TO Service Area and Scheduling Coordinator servicing Demand in the Participating TO Service Area, shall be based on a TAC Area component ($HVAC_A$) and an ISO Grid-wide component ($HVAC_I$).

$$HVAC = HVAC_A + HVAC_I$$

8. **Updates to High Voltage Access Charges and High Voltage Wheeling Access Charge.**

- 8.1 High Voltage Access Charges and High Voltage Wheeling Access Charges shall be adjusted effective January 1 and July 1 of each year to reflect: (1) on January 1 and July 1 of each year when necessary to reflect the addition of any New Participating TO ~~during the preceding six months~~ and (2) on the date FERC makes effective a 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.

Revisions to the Transmission Revenue Balancing Account adjustment shall be made effective annually on January 1 based on the principal balance in the TRBA as of September 30 of the prior year and a forecast of Transmission Revenue Credits for the next year.

- 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 **provided as included in the Transmission Revenue Balancing Account unless otherwise ordered by FERC. Such refund shall be invoiced separately from the Market Invoice.**

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 **and the other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement.**

- 9.2 If the Participating TO is not subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act, 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 and other Participating TOs in accordance with the notice provisions in the Transmission Control Agreement, 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 subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. 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 subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. 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 **in the Participating TO Service Area** 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 **in the Participating TO Service Area** 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 **in the Participating TO Service Area** 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.