

August 6, 2020

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

**Re: California Independent System Operator Corporation
Docket No. ER20-_____-000**

Market Settlement Timeline Tariff Amendment

Dear Secretary Bose:

The California Independent System Operator (CAISO) submits these tariff amendments¹ to address the concerns of its market participants about the inaccuracy of the initial settlement statements that CAISO currently issues three business days after a trading day. EIM entities – *i.e.*, the balancing authority areas that have joined the Energy Imbalance Market – have raised this concern during regular meetings with CAISO staff, and some also raised it during their initial training to join the market. In addition, California-based investor-owned utilities raised the same issue during their meetings with CAISO staff.

Because the initial settlement statements are based entirely on estimated meter data, the outcome is often subject to major adjustments on the second settlement statement, issued after twelve business days. As a result, many market participants are unable to bill the charges from the initial settlement statement to their own customers and must defer billing until after the second settlement statement. This effectively requires the market participants to bear the financial consequences of the fact that the initial settlement statement is financially binding as between the market participants and the CAISO, but not as between market participants and their own customers. These tariff amendments modify the timeline for issuing and reviewing settlement statements to mitigate this problem and to provide several other benefits, as explained below.

In addition to the core change to the timeline for issuing settlement statements, this filing includes amendments in two related areas. A second change extends the deadline for the ISO to publish invoices from midnight until 5:00 am Pacific Time. A third group of changes clarifies tariff provisions regarding settlement and billing, corrects

¹ CAISO submits this filing pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d.

inadvertent errors, and moves some tariff provisions to different locations within the tariff as a way to improve readability and clarity by grouping related subjects.

The proposed changes to the settlement timeline² are integrated and interdependent, and must be considered together as a package. The remainder of the proposed amendments – *i.e.*, the deadline for publishing invoices and the clarifications and corrections – are discrete and severable, and would not be affected by the Commission's actions on any of the other changes. Thus, the Commission should evaluate the justness and reasonableness of each of these remaining proposed amendments (other than the changes to the settlement timeline) based on the individual merit of each change, and need not consider them as an integrated package.

The CAISO respectfully requests that the Commission issue an order accepting the proposed revisions by October 30, 2020, with an effective date of January 1, 2021. This timing would provide regulatory certainty and the necessary lead-time for the CAISO and market participants to implement the new software and business processes. Issuing an order after October 30, 2020, that does not accept the market settlement timeline change could leave market participants without enough time to make and test the necessary system modifications. In addition, they could result in a significant delay of these beneficial tariff provisions, given the strong preference of market participants to transition the timeline effective on the first trading day of a calendar year.

Stakeholders support the proposed amendments.

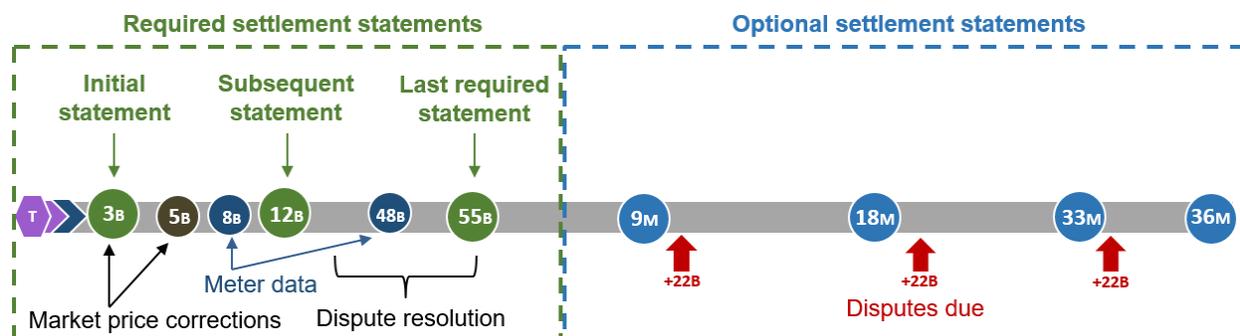
I. Background: The CAISO Settlement Process and the Current Challenges

This tariff amendment adjusts the schedule on which the CAISO issues “settlement statements.” A settlement statement calculates the amounts due to and from market participants for a given trading day. The CAISO issues an initial settlement statement three business days after each trading day (T+3B), which it calculates using estimated meter data because, at that time, market participants have not yet provided actual meter data.

The CAISO then recalculates these initial settlements several times at scheduled intervals over the next three years as meter data and other information becomes available. The first recalculation settlement statement issues twelve business days after the trading day (T+12B) and incorporates most of the actual meter data that will eventually be available, as well as some price corrections that were not available for the initial statement. Further recalculation settlement statements issue at fifty-five business days (T+55B), after CAISO has received all of the actual meter data, then at nine months (T+9M), eighteen months (T+18M), thirty-three months (T+33M), and thirty-six months (T+36M) after the trading day. These later settlement statements include

² That is, the changes described in Section II.A.1, below, which include changes to the timelines for issuing settlement statements and providing meter data, plus the provisions governing settlement disputes and the transition to the new timeline (11.29.7.4).

adjustments to reflect the outcome of disputes, Commission orders, and software corrections. The following chart depicts the current settlement timeline:



Because the CAISO recalculates each trading day multiple times over the three year cycle, market participants receive several settlement statements every business day, with each settlement statement calculating or recalculating a different past trading day. For example, on Thursday, June 18, 2020, market participants received a T+3B for Monday, June 15, a T+12B for Tuesday, June 2, a T+55B for April 1, a T+9M for September 11, 2019, a T+18M for December 11, 2018, a T+33M for September 18, 2017 and a T+36M for June 14, 2017. The settlement statements after the T+55B are optional, meaning that the CAISO issues them only if new information will change the settlements for that trading day. In practice, the CAISO issues the T+9M, T+18M, and T+33M for more than 95 percent of trading days. A market participant will receive between 3 and 10 settlement statements daily, per business associate ID³ – even more after weekends and holidays. A market participant must review each of these statements and submit any disputes within the deadline specified in the tariff.

Settlement statements and the recalculation timeline are distinct from the billing process. This amendment does not propose to change the billing process. Every Wednesday, the CAISO issues bills or “invoices”⁴ that reflect the net amounts due or payable on the accumulated settlement statements. Invoices include all settlement statements issued since the previous Wednesday (*i.e.*, Thursday to Wednesday), with one refinement. To enable market participants to easily see the incremental changes on T+12B settlement statements (as against the T+3Bs), the CAISO includes T+12B settlement statements on invoices in the same groupings, for the same trading days, that were invoiced together on T+3B statements.

³ Also known as a BAID. Many market participants have multiple BAIDs as a way to facilitate separate accounting for different aspects of their business.

⁴ When the net of the settlement statement is a credit due to the market participant, the bill is referred to as a “payment advice.”

The annual payment calendar, which is available on the CAISO website, shows the dates settlement statements are issued, invoiced and payable.⁵

A. Initial Settlement Statements Based on Estimated Data Are Not Accurate Enough

The initial settlement statements that the CAISO currently issues after three business days pose a problem for market participants because they do not reasonably approximate succeeding settlement statements. At that point, the CAISO has not yet received actual meter data, and must therefore use estimates that assume all market participants performed based on their day-ahead schedules. This results in significant inaccuracies in several charge codes. For example,

- *Uninstructed Imbalance Energy and Instructed Imbalance Energy:* The gap between schedules and actual output (or use) affects the settlement of instructed and uninstructed imbalance energy through the real-time market offset charge codes, and also the allocation of those charges. The financial consequences can be substantial if prices in the real-time market are above average. For example, if a resource is dispatched to meet a 1,000 MW increase in the demand forecast between the day-ahead market and real-time market, the T+3B settlement statement will include payments for the 1,000 MWs dispatched to meet the change in net demand, but not charges for the net demand itself. The difference is borne temporarily (until the T+12B) by load and exports as a whole, including EIM entities, through allocations in the real-time offset charge codes.
- *Unaccounted for Energy:* Charges for unaccounted for energy do not appear on the T+3B initial settlement statement, because they would require actual meter data from the interties, and instead appear for the first time on the T+12B settlement statement. On the T+3B, these costs are instead reflected in the real-time offset charge code, which decreases or increases accordingly in the T+12B settlement statement.
- *Bid Cost Recovery:* Resources dispatched for energy, ancillary services or flexible ramping are assured of recovering their bid costs if they deliver as dispatched. But to determine whether the resource actually delivered, the CAISO needs actual meter data from the resource. Because resources do not always deliver fully, assuming otherwise on the initial settlement statement can result in overpayment of bid cost recovery. The excess costs, which are allocated to scheduling coordinators for load and exports and to EIM entities, can be large under some market conditions.

Although all scheduling coordinators are affected by these and other inaccuracies, EIM entities, non-participating loads, and export resources bear a

⁵ The payment calendars for 2019 and 2020 are available on the settlements page, [here](#).

disproportionate burden. The meter data available for the T+12B and T+55B settlement statements removes the inaccuracies, but as a result these statements often vary significantly from the T+3B. The potential for large variations prevents many market participants from billing CAISO charges to their own customers until after the T+12B settlement statement. In the interim, they must bear the financial burden of the T+3B statement. Even market participants that temporarily gain from the inaccuracies on the T+3B must pay interest on the difference, to their detriment on the whole.

The main purpose of this filing is to address the problems that stem from the inaccuracy of the initial settlement statement by producing a high quality initial statement sooner than twelve business days after the trading day. This change will reduce the length of time market participants have to float financial obligations from the initial settlement statements for their own customers, and reduce interest charges to the market participants that temporarily receive extra funds.

The adjustments to the timeline for issuing settlement statements will also address other issues that stem from issuing the initial settlement statement so soon. Price corrections, which the CAISO must implement after five business days, are often not complete before then. Consequently, CAISO often faces a decision whether to delay publication of the T+3B initial settlement statement in order to incorporate forthcoming price corrections, or to publish the statement on time with incorrect prices. The CAISO ultimately delayed publishing the T+3B settlement statement eight percent of the time in 2018 and almost seven percent of the time in 2019. These delays cost market participants time they need to process the statements before payment is due.

The amendments also spread out the recalculation settlement statements in order to address another challenge. The current timeline's earlier settlement statements are compressed in a way that does not allow enough time to resolve disputes and implement the resulting changes on the next statement – in particular from the T+12B to the T+55B, and also from the T+55B to the T+9M. Allowing more time between the statements will enable CAISO to resolve settlement disputes by the next statement, benefitting market participants by reducing interest charges. In addition, CAISO expects the new timeline will reduce the need for some of the later settlement statements, which will in turn reduce the overall administrative burden on both market participants and CAISO.

B. The Deadline for Publishing Invoices Is Unnecessarily Early

Another challenge under the current tariff is the inflexibility of the requirement that CAISO publish weekly invoices “on Wednesday of each week”⁶ – in other words, by midnight Pacific Time. Although the CAISO ordinarily sends these invoices during work hours, technical issues can sometimes delay the process and require work after hours and even into the night. If the CAISO is unable to complete publication by midnight

⁶ Tariff § 11.29.10.

Pacific Time, unnecessary questions arise about whether the deadline for paying the invoice should be extended.

II. Proposed Tariff Amendments

The proposed changes fall in the three categories discussed above: changes to the settlement timeline, additional flexibility in the time of day when the ISO may issue invoices, and clarification of these and other tariff provisions related to settlement and billing.

A. The Settlement Timeline

The revisions to the settlement timeline include changes to four discrete subtopics: (1) the schedule for issuing settlement statements; (2) the deadlines to submit meter data; (3) the deadline to submit settlement disputes; and (4) the transition from the current settlement timeline to the new one.

1. Schedule for Issuing Settlement Statements

First, the CAISO proposes to issue the initial settlement statement nine business days after the trading day (T+9B). Moving the initial settlement statement date from T+3B to T+9B will make the initial settlement statements significantly more accurate because they will use mostly actual meter data and reflect all initial price corrections.⁷ The CAISO will be able to include polled meter data for generation within the CAISO balancing authority area and expects to receive and incorporate meter data for generation and load from most participants in the Energy Imbalance Market and other scheduling coordinators, including intertie schedule quantities. Although the tariff will not mandate the submission of meter data in time for the initial settlement statement at T+9B, most market participants currently submit the data within eight business days as a matter of practice. They will have a strong incentive to submit the same data within the proposed new seven-day deadline⁸ to receive a more accurate initial settlement statement. When polled or submitted meter data is unavailable, the CAISO will continue to use its current meter estimation methodology to produce a complete initial settlement statement.

The availability of actual meter data will mitigate the fundamental accuracy problems with the current initial settlement statements described on page 4, above. It will allow the CAISO to include reasonably accurate calculations of charge codes that

⁷ Under ordinary circumstances, CAISO must complete its quality review of real-time prices and implement all corrections within five business days. Tariff §§ 35.2 and 35.3.2. Given this deadline, the CAISO must sometimes issue the initial settlement statement T+3B before it finishes correcting real-time prices, as discussed on page 5, above.

⁸ See Section II.A.2, below.

do not currently appear on the initial settlement statement, such as unaccounted for energy, allocation of real-time market bid cost uplift adjustments, and metered sub-system deviations, and also charge codes that do appear but often change a great deal on subsequent settlements. The new initial settlement statements issued on the ninth business day should closely approximate final settlements sooner than the currently effective timeline, and avoid the significant financial swings between the first and second settlement statements.

The CAISO also proposes to change later phases of the settlement timeline to extend the time between recalculation settlement statements. The CAISO proposes to issue the second settlement statement after 70 business days (T+70B), in contrast to the current 55 business days. This change will allow enough time for an extension of the dispute deadline for the initial settlement statement.⁹ It will also provide CAISO more time to resolve settlement disputes and include the adjustments on the next settlement statement, rather than waiting for another settlement statement later in the cycle. For this same reason, the CAISO proposes to issue the next recalculation settlement statement after eleven months (rather than nine), which will allow six more weeks between settlement statements than the current timeline. And the next statement will be at 21 months (rather than the current 18 months), allowing one additional month after the previous statement compared to the current timeline.¹⁰

All of the recalculation settlement statements after the T+70B – that is, the T+11M, T+21M, and T+24M recalculation settlement statements – will be optional, issued only when necessary to adjust settlements. The CAISO expects that under the new timeline it will issue these optional settlement statements less often than it currently issues optional statements,¹¹ because the CAISO will have more time to implement adjustments for settlement disputes and software changes sooner in the cycle.

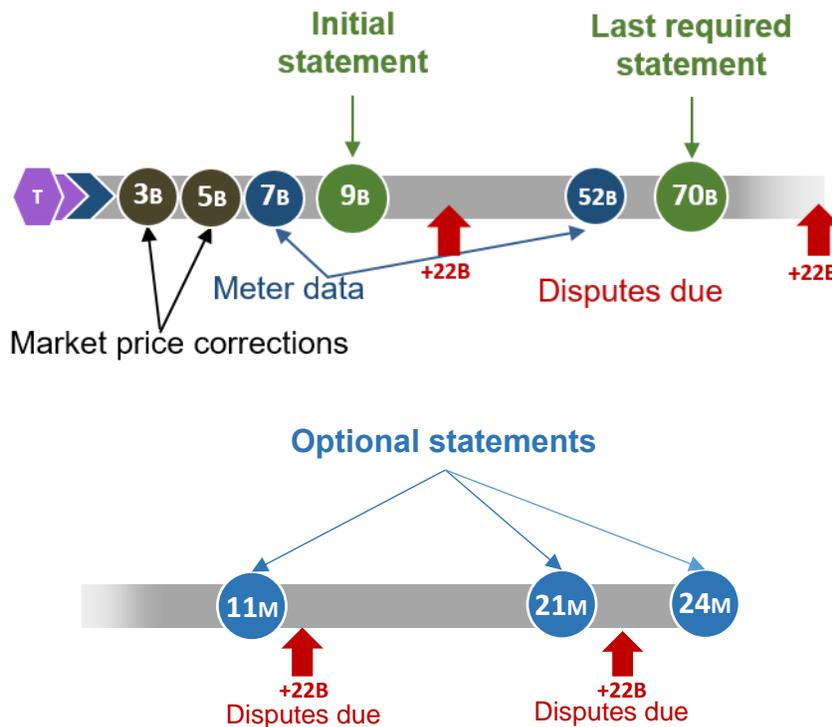
The T+24M will be the final scheduled recalculation settlement statement, and will not be subject to dispute. The proposed amendments will thus shorten the overall length of the settlement cycle by one year, as the current timeline includes a scheduled settlement statement at T+36M.

The following charts depict the proposed new settlement timeline:

⁹ See Section II.A.3, below.

¹⁰ That is, the proposed T+21M will be issued ten months after the T+11M. Currently, the T+18M is nine months after the T+9M.

¹¹ See page 3, above, with statistics about issuance of optional settlement statements.



This amendment does not alter the billing process: the CAISO will continue to issue invoices every Wednesday with payment due four business days later.

The amendment will change how the CAISO complies with one aspect of Order No. 844,¹² which requires ISOs and RTOs to post reports about uplift costs. The CAISO implemented these requirements by adding to its tariff sections 6.5.14 (zonal uplifts), 6.5.15 (resource-specific uplifts) and 6.5.16 (operator-initiated commitments). Section 6.5.15 requires the CAISO to post its reports about resource-specific uplift costs “[w]ithin 90 days of the end of each calendar month.” Currently, CAISO uses data from the T+55B settlement statement for this report. After this amendment becomes effective, CAISO will instead use data from the T+9B settlement statement in order to ensure that the data is posted within 90 days. The data from the T+70B will be more accurate, though, and so the CAISO plans to update its reports with this data 120 days after the end of each month.

The following chart compares the key dates and deadlines in this amendment with the currently effective timeline:

¹² Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators, 163 FERC ¶ 61,041 (2018) (Order No. 844).

Current Settlement Timeline		Proposed Amended Settlement Timeline	
Publish Initial Statement	3B	Receive End-Use Meter Data, Manual Submission of non-PTO Wheeling Data	7B
		Publish Initial Statement	9B
		End of T+22B SC Review Period/Dispute Submittal Deadline	31B
Publish Weekly Invoice	Wednesday	Publish Weekly Invoice	Wednesday
Weekly Invoice Due Date	4B	Weekly Invoice Due Date	4B
Receive End-Use Meter Data, Manual Submission of non-PTO Wheeling Data	8B	n/a	n/a
Publish 1st Recalculation Statement	12B		
End of T+14B SC Review Period/Dispute Submittal Deadline	26B		
Receive End-Use Meter Data (to include non-PTO load)	48B	Receive End-Use Meter Data (to include non-PTO load)	52B
Publish 2nd Recalculation Statement	55B	Publish 1st Recalculation Statement	70B
End of T+22B SC Review Period/Dispute Submittal Deadline	77B	End of T+22B SC Review Period/Dispute Submittal Deadline	92B
Meter Data Resubmittal Deadline (to include non-PTO load) T+8M	172B - 168B	Receive End-Use Meter Data (to include non-PTO load) T+10M	214B
Publish 3rd Recalculation Statement T+9M	194B	Publish 2nd Recalculation Statement T+11M	234B
End of T+22B SC Review Period/Dispute Submittal Deadline	216B	End of T+22B SC Review Period/Dispute Submittal Deadline	256B
Publish 4th Recalculation Statement T+18M	383B	Publish 3rd Recalculation Statement T+21M	446B
End of T+22B SC Review Period/Dispute Submittal Deadline	405B	End of T+22B SC Review Period/Dispute Submittal Deadline	468B
Publish 5th Recalculation Statement T+33M	693B	n/a	n/a
End of T+22B SC Review Period/Dispute Submittal Deadline	715B		
Publish 6th Recalculation Statement T+36M	759B	Publish 4th Recalculation Statement T+24M	512B
Unscheduled Directed Reissue Statement	9M - 18M	Unscheduled Directed Reissue Statement	70B - 11M
Unscheduled Directed Reissue Statement	18M - 33M	Unscheduled Directed Reissue Statement	11M - 21M

A. Implications for Market Participant Credit Obligations

This amendment will not change the core rules of the CAISO's credit policy, which require market participants to secure their liability to the market. As discussed below, however, the proposed change to the settlement timeline will affect one element in the calculation of the amount of security a market participant must provide. As a result, it will increase the amount of credit support that a few market participants must provide, as demonstrated by a study that CAISO conducted at the request of market participants during the stakeholder review process.

By way of background, each CAISO market participant must have unsecured credit, based on its demonstrated financial condition, and post financial security to cover

its “estimated aggregate liability” (EAL).¹³ The EAL figure is intended to reflect the participant’s total unpaid liability to the market, plus expected future liability it could incur during the time required to respond to a collateral call. The CAISO calculates EAL as directed in the tariff, which identifies 13 separate financial components that must be captured.¹⁴

The amendment to the settlement timeline change will affect how CAISO calculates one of the 13 components of EAL, extrapolated amounts, which estimates a participant’s liability from trading days for which settlement statements have not yet been calculated. There are distinct extrapolation periods for daily charges and monthly charges, and the amendment will increase both because it will increase the time between the trading day and the initial settlement statement (shifting from T+3B to T+9B). Currently, the extrapolation period for daily charges is ten days.¹⁵ The amendment would increase the extrapolation period for daily charges by nine days, to nineteen days. For monthly charges, the extrapolation period currently ranges from nine to forty-two days, depending on the day of the month. The tariff amendment would increase this range by eight days, from seventeen to fifty days. For market participants that incur net charges, both of these changes will increase the extrapolated component of their EAL.¹⁶

The CAISO studied the effect on credit requirements of longer extrapolation periods that would result from the timeline change. The study was based on even

¹³ Tariff § 12.1.2.

¹⁴ See Tariff § 12.1.3.1.1. The 13 components of estimated aggregate liability are: (a) amounts invoiced but unpaid, (b) amounts in published settlement statements not yet invoiced, (c) estimated liabilities – *i.e.*, on estimated settlement statements calculated by the CAISO based on estimated data, (d) extrapolated amounts for trading days for which settlement statements have not been either published or calculated using estimated data, (e) congestion revenue right (CRR) portfolio values, (f) CRR auction limit, (g) CRR auction awards, (h) virtual bids, virtual day ahead, virtual real time, (i) past due invoices, (j) FERC annual charges, (k) future wheeling access charge, (l) current wheeling access charge, and (m) any extraordinary adjustments. For detailed description of how the CAISO calculates each EAL component, see the [BPM for Credit Management and Market Clearing](#).

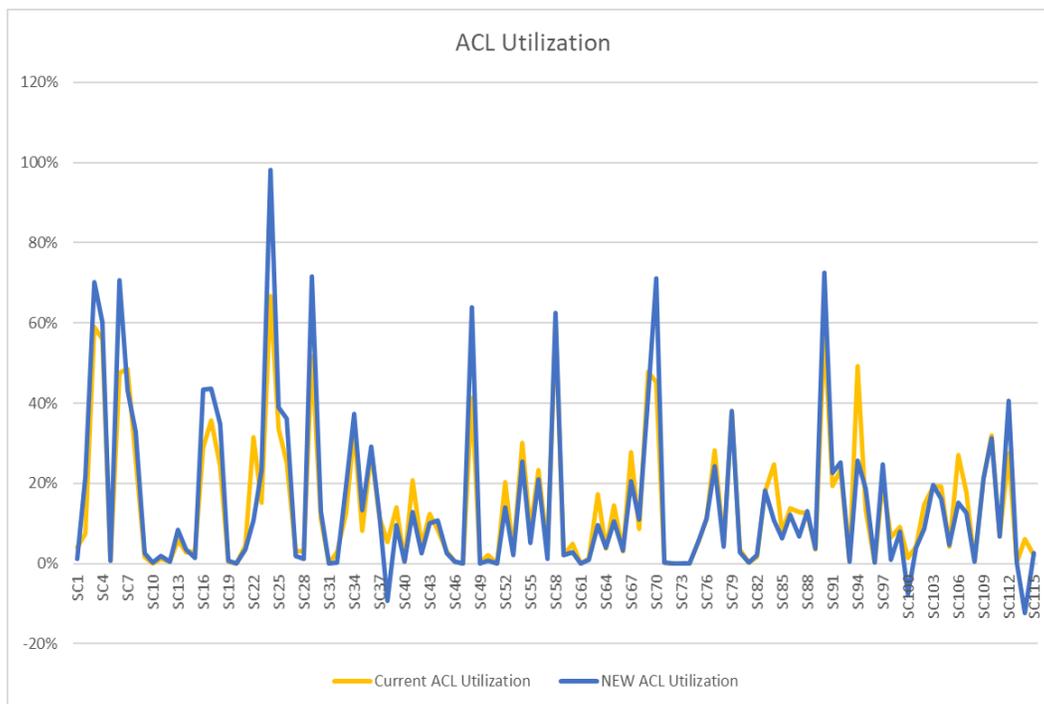
¹⁵ The current ten-day extrapolation period reflects the number of trading days before the CAISO receives new collateral. It assumes that the period between the trading day and the collateral posting spans two weekends, one of which is a three-day weekend. Specifically,

- Three business days between the trading day and the calculation of the initial settlement statement,
- Two more business days for the market participant to post additional collateral, if the calculated results on the settlement statement trigger a collateral call, and
- Five additional days to cover two intervening weekends, one of which is a three-day weekend.

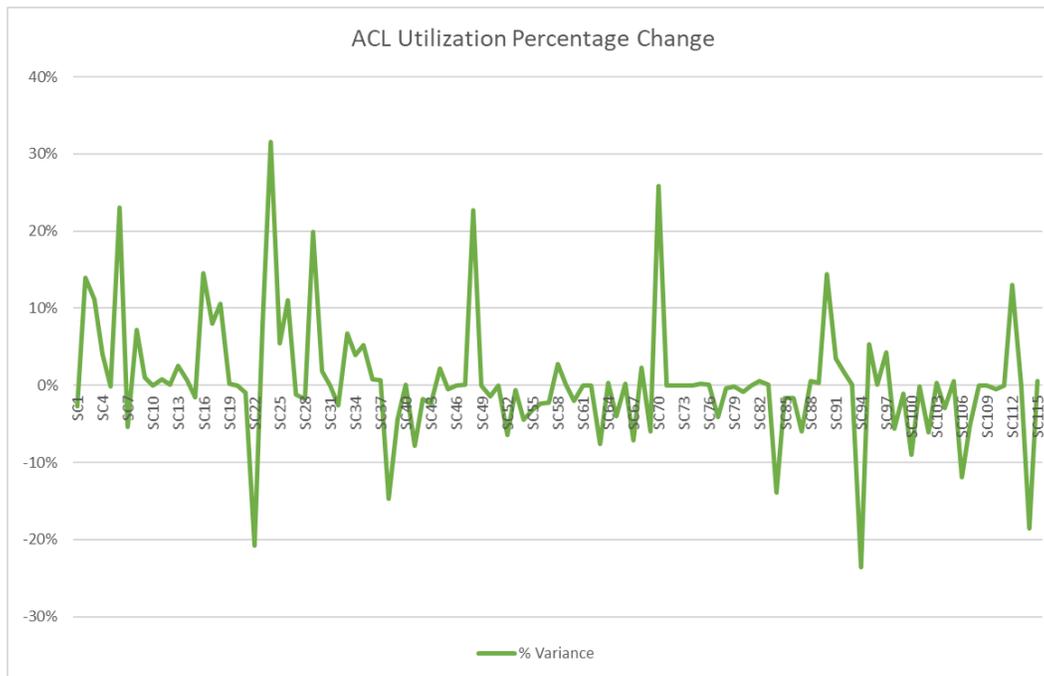
¹⁶ The nineteen-day extrapolation period for the modified settlement timeline represents an increase of nine days. Six of these days come from the change in the timing of the initial settlement statement (from three to nine business days). Three more days are intended to cover the worst-case scenario in terms of intervening weekends and holidays.

longer extrapolation periods than the CAISO will actually use – a twenty-day period for daily charges versus the nineteen-day period CAISO will use, and a fifty-five-day period for monthly charges versus a range from seventeen to fifty. The study applied these periods to each scheduling coordinator’s actual market data from January 1, 2018 through March 31, 2018, as well as June 1, 2018 through August 31, 2018. The CAISO then compared each market participant’s average EAL for the study period against the credit it had available during the same period between the financial security it posted and its unsecured credit limit. The results showed an “ACL utilization” figure for each scheduling coordinator, meaning the percentage of the scheduling coordinator’s available credit limit that was “used” by its EAL. The results indicated that the new settlement timeline will increase the ACL utilization of some participants, but seldom to a degree that would have required the participant to post additional collateral. (When ACL utilization reaches 90%, the CAISO requests additional collateral.) Rather, the participants will simply be using a larger percentage of the credit they had available.

The following chart compares actual ACL utilization figures under the current settlement timeline for each scheduling coordinator (yellow) with the study results for the proposed new settlement timeline (blue) (with identities masked).



The next chart shows the net change in ACL utilization. The maximum increase was 32%, and the maximum decrease was 24%.



Other results of the study:

- The 10 market participants with the highest estimated aggregate liability will see an increase of 23.4% in their ACL utilization,
- The 20 market participants with the highest estimated aggregate liability will see an increase of 18.5% in their ACL utilization,
- Market participants with an estimated aggregate liability over \$500K will see an increase of 13.4% in their ACL utilization,
- Market participants with an estimated aggregate liability over \$100K will see an increase of 9.68% in their ACL utilization, and
- Market participants with an estimated aggregate liability over \$0 (average for all market participants) will see an increase of 6.29% of their aggregate credit limit utilization.

Accordingly, the CAISO believes the change will affect mainly those market participants that take the risk of narrowly aligning their collateral to their estimated aggregate liability. Otherwise, and despite the likely increases in estimated aggregate liability for some market participants, the CAISO believes there will be minimal need for market participants to actually post additional collateral.

CAISO shared these results with market participants, some of whom also conducted their own studies. As indicated elsewhere in this filing, those market participants support the amendment.

B. The New Timeline Complies with Order No. 741

This amendment is consistent with both the letter and the spirit of Order No. 741.¹⁷ It does not change how the CAISO complies with the requirement that “billing and settlement periods” must be seven days or less.¹⁸ The “settlement period” is the number of days after an invoice is issued that payment is due, as the Commission explained in Order No. 741:

[T]he Commission adopts the NOPR proposal to direct each ISO and RTO to ... establish billing periods of no more than seven days and *settlement periods of no more than seven days after issuance of bills*.¹⁹

The requirement of weekly billing refers to the frequency of invoices, which must be issued at least once a week. The Commission also noted this in Order No. 741, in the process of rejecting proposals for a billing period shorter than seven days:

Recognizing the benefits that will flow from requiring *billing to be at least weekly*, and balancing the incremental benefits and incremental burdens of daily billing, we will not require daily billing at this time. Instead, we will require, as discussed above, weekly billing.²⁰

The “billing period” does not include the days from the trading date until invoices are issued, as confirmed by the Commission’s order accepting ISO-NE’s compliance

¹⁷ *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 (2011), *order denying reh’g*, Order No. 741-B, 135 FERC ¶ 61,242 (2011) (“Order No. 741”).

¹⁸ See 18 CFR § 35.47(b) (“Each organized wholesale electric market must have tariff provisions that: ... (b) Adopt a billing period of no more than seven days and allow a settlement period of no more than seven days”).

¹⁹ Order No. 741 at P 32. In addition, footnote 18 clarified that the “settlement period” is the number of days that participants have to pay a billed amount:

Some parties sought clarification of the Commission’s definition of “settlement cycle” in the NOPR, recognizing that settlement encompasses both the billing period *and the additional time for final payment of the billed amount*. The Commission will therefore refer to each period separately as the “billing period” and the “settlement period.”

Accord Midwest Indep. Trans. Sys. Operator, Inc., Order on Compliance Filing, 136 FERC ¶ 61,188 at P 11 (2011) (“MISO’s currently effective Tariff provides that payments are due within seven days; therefore, we find that MISO’s currently effective Tariff complies with the directive of Order No. 741 to establish settlement periods of no more than seven days”).

²⁰ Order No. 741 at P 37.

filing.²¹ The transmittal letter explained that all non-hourly charges appear on settlement statements until at least eleven days after the end of the trading month, meaning that some trading days would not be invoiced for the first time for at least 42 days.²² The Commission accepted the filing, however, because the invoices that included these and other settlement statements were issued at least weekly and payment was due within two business days.²³

This amendment complies with these requirements because it will not change either the settlement period or the billing period under the CAISO tariff:

- The CAISO's billing period will remain seven days – invoices are issued on Wednesday of each week, and
- The settlement period is six calendar days, or four business days, because payment is due the following Tuesday.

In addition to complying with the requirements of Order No. 741, the amendment is consistent with its purpose, described in the order as “a package of reforms designed to reduce default risk,”²⁴ to protect against further “disruption in the market [after a default,] such as cascading defaults and dramatically reduced market liquidity.”²⁵ This amendment shares this goal, with a broader focus. Order No. 741 focused exclusively on centralized markets and reducing default risk in those markets.²⁶ This amendment

²¹ The order accepting MISO's compliance filing is similar. MISO filed tariff language stating that invoices would reflect seven days of settlements charges from its seven-day statement. However, MISO would not issue some of these invoices for more than a week after the after the trading day or “Operating Day”. Specifically, MISO added the following language to section 7.6 of its tariff:

The Transmission Provider invoices based on a seven-day billing period. The weekly invoice contains Settlement charges and revenue that are published seven days after the Operating Day *during the week prior to invoice issuance*

Transmittal letter, docket no. ER11-3970 (filed December 14, 2011) (emphasis added); see also Business Practices Manual: Market Settlement, version 19 issued February 8, 2020, available [here](#), pp. 130 and 132 (showing that invoices are issued on Tuesdays for Saturday through Friday the week before. The Commission accepted these changes, which it characterized as “tariff [revisions] to specify that the issuance of invoices is based on a seven-day billing period.” Order on Compliance Filing, 138 FERC ¶ 61,184 at P 19 (2012). “We find that MISO's proposed revisions comply with ... Order No. 741's directive that MISO ... establish billing periods that are, at most, weekly.” *Id.* at P 20.

²² See ISO-NE Transmittal Letter, docket no. ER11-3953, p. 10 nn. 60 & 61 (filed June 30, 2011).

²³ *ISO New England Inc. et al.*, Order on Compliance Filing, 136 FERC ¶ 61,191 at PP 9, 10.

²⁴ Order No. 741 at P 32

²⁵ *Id.* at P 33.

²⁶ *Id.*

pursues the same objective across the broader network of energy transactions, including bilaterals, with the goal of strengthening the centralized market by benefitting its participants. Because the CAISO tariff will continue to require market participants to secure their full liability to the market, the timeline change may require some of these market participants to commit additional capital as financial security for the CAISO market.²⁷ At the same time, the CAISO is informed that the amendment will reduce the sums that market participants must float for their own customers, due to the fact that they are currently unable to collect CAISO charges based on the T+3B settlement statement. The CAISO understands that these market participants support the amendment because they believe the improvements with respect to the transactions with their own customers will outweigh any increase in the collateral they must post with the CAISO. In other words, it will reduce their overall risk and costs, thereby improving the overall financial circumstances of the participants in the CAISO market, and thus strengthen the market overall.

2. Deadlines for Submitting Meter Data

The new settlement timeline will require changes to the deadlines for submitting meter data. A scheduling coordinator's actual or estimated meter data will be reflected in the initial settlement statement only if CAISO receives the data by 10:00 am on the seventh business day after the trading day.²⁸ This new deadline, which will be one business day earlier than under the currently effective tariff, is necessary to enable CAISO to complete its settlement calculations by the ninth business day.

Any end-user meter data that is not received in time for the initial settlement statement must be submitted by the 52nd business day after the trading day. This extends the current deadline of 48 business days by four business days. Market participants that fail to submit meter data by this deadline will be subject to the existing penalty of \$1000 per day.²⁹

The deadline for re-submitting meter data with corrections will be 214 business days after the trading day, which will enable the CAISO to include any corrections on the T+11M settlement statement.³⁰ This new deadline for resubmittal extends the currently effective deadline, under which scheduling coordinators may resubmit meter

²⁷ See Section II.A.1.A, above.

²⁸ See proposed Tariff §§ 10.3.6.2 and 10.3.6.5.

²⁹ See Tariff § 37.11.1.

³⁰ See amended Tariff § 10.3.6.4.

data through the 172nd business day. The new timeline will allow scheduling coordinators to submit the meter data through the 214th business day.³¹

3. Settlement Disputes

Market participants may dispute any item on either the initial settlement statement T+9B or the recalculation settlement statement T+70B.³² On later recalculation settlement statements, disputes are limited to incremental changes from the previous settlement statement. This rule, which helps to bring the settlements closer to finality as the process moves along, aligns with the current settlement timeline. Currently, market participants may dispute any items on the first two settlement statements that are subject to dispute – *i.e.*, the T+12B and T+55B – and only incremental changes thereafter.³³

The final settlement statement issued at T+24M will not be subject to disputes. This is consistent with the existing rule applicable to the last settlement – the T+36M.

The deadline for submitting any dispute of a settlement statement will be 22 business days after a settlement statement is issued. This continues the dispute rule from the currently effective timeline, except it extends the deadline for submitting disputes on the first disputable settlement statement (currently the T+12B, which will become T+9B) from 14 business days to 22 business days. As a result, there will be a single deadline of 22 business days for disputing all settlement statements.

In addition, the proposed changes would improve the readability of the tariff by consolidating the tariff provisions that govern settlement disputes into a single section – Section 11.29.8.2. The currently effective tariff has a separate section or subsection about the dispute of each separate settlement statement, spread across sections 11.29.8.3 through 11.29.8.8, including subparts. The CAISO proposes to delete these sections and replace them with Section 11.29.8.2, which will govern all settlement disputes.

4. Transition Period

As stated in Section IV, below, the CAISO proposes that the new settlement timeline become effective beginning with the January 1, 2021 trading day. At that point, trading days in 2018, 2019, and 2020 will be in the midst of re-settlement under the currently effective timeline. CAISO discussed various options for cutting over to the new timeline with market participants, who expressed a strong preference to continue applying the currently effective timeline to the pending trading days for practical

³¹ *Id.*

³² See proposed Tariff § 11.29.8.2.

³³ Tariff § 11.29.8.4.

reasons. Continuing to apply the same rules to the pending trading days would greatly simplify the transition from the standpoint of software and system changes. Accordingly, the CAISO proposes that the currently effective timeline continue to apply to all trading days before January 1, 2021.

Proposed Section 11.29.7.4 implements this transition with rules that apply to trading days before January 1, 2021. This section includes rules that will supplement (or, where stated explicitly, replace) the tariff rules that apply going forward, and are intended to mirror the currently effective settlement timeline and related rules. Amended sections 11.29.7.4.8 and 11.29.7.4.9 replicate the new, consolidated section governing settlement disputes³⁴ except with the rules and deadlines of the currently effective timeline.

B. Timeline for Publishing Invoices

CAISO proposes to amend Section 11.29.10, which requires CAISO to publish invoices “on Wednesday of each week,” to clarify that invoices will be deemed published on Wednesday if they are available to market by 5:00 am Thursday Pacific Time. This change will allow extra time when necessary to address technical issues that can occasionally delay the publication of invoices, but without triggering legal issues about whether the payment date should be extended. Market participants will be unharmed by a publication after midnight, provided the invoice is issued before work begins the following day.

C. Clarifications and Corrections of Related Tariff Provisions

In preparing these amendments, the CAISO identified the need to clarify certain provisions regarding billing and settlement and correct inadvertent errors that have accrued over time. As proposed in this filing, these revisions do not change established policies, nor do they materially affect the rights and obligations of the CAISO or its market participants. These revisions correct typographical errors, realign or remove erroneous cross-references, and clarify the meaning of potentially ambiguous tariff provisions. CAISO files such corrections for the entire tariff annually.³⁵

These clarifications and corrections appear throughout the amended sections, as follows:

Deletion of duplicate language: In two instances, Section 11.29 contained provisions that addressed exactly the same topic using slightly different language. For clarity, this filing deletes, in relevant part, one of the two provisions:

³⁴ See proposed Tariff § 11.29.8.2.

³⁵ *Cal. Indep. Sys. Operator Corp.*, 168 FERC ¶ 61,084 (2019) (accepting such a filing of clarifications and corrections).

- It deletes Tariff § 11.29.2 regarding when market participants must pay invoices. The relevant rule is also in Tariff § 11.29.10 and will remain in place.
- It deletes Tariff § 11.29.5.2 regarding the right to dispute settlement statements. This subject is addressed elsewhere. After the amendment, it is addressed in Tariff § 11.29.8.2.
- It deletes the final sentence of § 11.29.7.2 about a market participant's obligation to pay any net debit and right to receive any net credit. The relevant rule is also in § 11.29.8.6 (final sentence) and will remain in place.

Deletion of outdated material: Tariff § 11.29 contains a number of “bridge period” provisions that were added to govern the transitions to past changes of the settlement timeline. Some of these bridge period provisions are now long outdated and can no longer affect settlements. For this reason, CAISO is deleting or adjusting in relevant part Tariff §§ 11.29.7.1.5, 11.29.17.2.2, 11.29.17.2.4 (b) and (c), 11.29.17.2.5 and 11.29.17.2.6.

Deleting or consolidating unnecessarily repetitive terms: Many provisions in Tariff § 11.29 often specify that certain provisions apply to the types of market participants that are financial principals in the market – *i.e.*, scheduling coordinators, CRR holders, black start generators, and participating TOs. In several places, this level of detail is unnecessary, either because it is clear from context (about invoices or payments advices, which are issued only to these financial principals) or because a shorter term would suffice (such as “CAISO Creditor,” “CAISO Debtor” or “Business Associate”). To improve the readability of these provisions, CAISO has proposed appropriate changes to §§ 11.29.10.1, 11.29.11, 11.29.12, 11.29.13.1, 11.29.13.2, 11.29.13.3, 11.29.13.5, 11.29.13.9, 11.29.17.1, 11.29.17.2.1, and 11.29.24.

Consolidating related subjects:

- The process for estimating meter data when actual data is unavailable is currently in § 11.1.4. The material is out of place there, because the process for issuing initial settlement statements is otherwise addressed in § 11.20. Accordingly, the CAISO is moving it to § 11.29.7.1 where it will be with other material about the issuance of the initial settlement statement.
- Language about CAISO's obligation to pay market participants if a payment default occurs is currently in § 11.29.17, which specifies how any payment shortfall will be allocated to market participants. The process of allocating the shortfall occurs mostly a week or two after the payment default. Accordingly, the CAISO is moving material about CAISO's obligations to pay on the payment date to § 11.29.12, where it will be with other language about CAISO's obligations on a payment date in the event a participant defaults.

Other clarifications related to the allocation of default losses: Regarding the change described in the previous bullet, CAISO has added language to

- Tariff § 11.29.17.1, which concerns the allocation of default losses, to reconcile it with CAISO's authority in § 11.29.11 to instruct a market participant not to pay certain charges if they are verifiably erroneous. The additional language clarifies that a non-payment as instructed by CAISO under § 11.29.11 does not trigger an allocation of default losses.
- Tariff § 11.29.12, where the obligation to pay language has been moved. The rule from § 11.29.17.1 is that default losses will be allocated to market participants as opposed to internal accounts, such as CAISO's grid management charge or the CRR balancing account.³⁶ The additional language at the conclusion of § 11.19.12 clarifies the CAISO's obligation to pay in light of this rule.

Corrections of inadvertent errors: CAISO is amending the following sections to correct inadvertent errors:

- Tariff § 11.29.7.3.6 to delete references to post-closing adjustments, which is a remnant of past settlement processes that were in place before 2009. The term has no current significance. In addition, delete reference to authority to separately invoice the outcome of alternative dispute resolution proceedings. This authority is addressed elsewhere, in Tariff § 11.29.10.3.
- Tariff § 11.29.8.6 to clarify that settlement disputes are governed by the settlement dispute process in § 11.29.8 in the first instance rather than § 13. While the resolution of disputes is ultimately subject to resolution under the ADR process in § 13, disputes must be processed first through the dispute-specific process in § 11.29.8.
- Tariff § 11.29.9.5, to clarify that the rule against commingling funds applies in all instances, and not only when necessary to facilitate processing of payment defaults.
- Tariff § 11.29.10 to delete unnecessary and potentially confusing language suggesting that a market participant may need to pay the amount shown on a "Payment Advice." A "Payment Advice" is a bill showing an amount payable to the market participant. In the same phrase, delete a reference to charges payable under long-term contracts, which suggested that these charges appear

³⁶ See Tariff § 11.29.9.6.1 (regarding CAISO's right to collect its grid management charge and FERC annual charges "with priority over any other payments to be remitted ...") and Tariff § 11.29.17.2.1 (payment shortfalls to be allocated to scheduling coordinators).

on invoices or payment advices. This is a remnant of past settlement processes and has no current significance.

- Tariff § 11.29.10.3 to delete a suggestion that the grid management charge should be added to invoices in a way that is distinct from other settlement charges. This language is no longer necessary because the grid management charge now appears on settlement statements, which are in turn reflected on invoices.³⁷
- Tariff § 11.29.10.3 to clarify that a shortfall allocation is not an “Invoice” as defined in the tariff, because it does not adjust amounts legally due and owing, only the amount payable at that time.
- Tariff § 11.29.10.3 to delete the terms “post closing adjustment” and “monthly” market activities, which are remnants of past settlement processes that were in place before 2009. The terms have no current significance.

III. Stakeholder Engagement

Over the past couple of years, market participants have in various settings informed the CAISO about the issue that has driven this initiative – *i.e.*, their inability to bill their customers based on the initial settlement statement at T+3B. The EIM entities – the balancing authority areas that have joined the Energy Imbalance Market – have raised this concern during regular meetings with CAISO staff, and some EIM entities also raised it during their initial training to join the market. In addition, California-based investor-owned utilities raised the same issue during their meetings with CAISO staff.

In response to these requests, and in particular after gathering more information from EIM Entities about the impact of the current settlement timeline, CAISO prepared an Issue Paper and Straw Proposal, which it posted on June 11, 2019, proposing to change the settlement timeline.³⁸ Though this initial proposal differed in detail from what is proposed here, it contained the same basic elements. It would have delayed the initial settlement statement until meter data becomes available, shortened the overall length of the settlement cycle from three years to two, and spread out the intermediate recalculation settlement statements to allow more time to resolve settlement disputes before the next statement.

The CAISO presented this proposal to stakeholders on June 13, 2019 and, on June 28, stakeholders submitted 16 sets of written comments. In addition to supporting the CAISO’s proposal to modify the settlement timeline, one theme of the comments

³⁷ See Tariff § 11.29(d).

³⁸ It also proposed to allow the CAISO to publish invoices as late as 5:00 am. Through the course of the formal stakeholder process, this proposal was refined to clarify that CAISO would publish after midnight only if necessary, and that a midnight deadline would remain the expectation.

was a request for more time to submit meter data than the CAISO had proposed initially.

Based on that feedback, the CAISO posted its Revised Straw Proposal on August 15 and provided a sample payment calendar for 2021 under the proposed new timeline. That paper proposed the same timing for the initial, mandatory, settlement statements that is reflected in the amendments filed today – T+9B and T+70B. The CAISO presented this revised straw proposal in a conference call on August 21. By September 9, stakeholders had submitted 15 sets of written comments. In addition to support for the proposed settlement timeline, major themes of these comments included a suggestion that there was too long of a time period after the T+70B until the first optional settlement statement, which had been T+12M, and requests for information about the effect of the new timeline on credit requirements for market participants. In addition, one market participant commented on compliance with Order No. 741, which regulates the “billing period” and the “settlement period” for ISO and RTO settlements.

On September 24, the CAISO posted its draft final proposal, together with a new sample payment calendar. It modified the timeline by accelerating the statement that would have been issued at T+12M to T+11M to address concerns about the long gap. The paper also published data analyzing the effect of the timeline changes on collateral requirements. The CAISO presented the new paper to stakeholders on September 30. Five market participants submitted written comments, with four supporting the proposal and one expressly not opposing it.

In an open meeting on November 14, 2019, with the support of the EIM Governing Body, the CAISO’s Board of Governors approved the proposed changes for filing.

In December 2019, the CAISO began discussions with stakeholders about how it would transition to the new settlement timeline. During two standing bi-weekly public conference calls in which CAISO staff discusses issues with market participants, the Settlement User Group and the Release User Group, CAISO staff presented options. The strong feedback from both calls supported the transition presented here.³⁹ In the following meetings of these groups, staff explained that the initiative would proceed with this approach.

Draft tariff language was posted for stakeholder review on May 20, 2020, with comments requested either before or after a conference call to be held on June 5. Two market participants submitted comments before the call. CAISO staff addressed these comments during the June 5 call, during which it proposed further revisions to address the comments. After the call, stakeholders did not submit any further comments.

³⁹ See Section II.A.IV, above.

IV. Effective Date

The CAISO proposes that the new settlement timeline become effective for trading day January 1, 2021.⁴⁰ It was important to CAISO stakeholders that, for accounting purposes, the transition should take place at the beginning of a calendar year. An order in advance of the planned transition date is necessary so the CAISO and market participants are prepared for the transition or, if necessary, to make and test the modifications necessary to undo and test the changes.⁴¹ Accordingly, the CAISO respectfully requests that the Commission issue an order by the end of October, 2020, accepting the tariff revisions contained in this filing, to become effective January 1, 2021.

V. Communications

Pursuant to Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), please provide all correspondence and other communications to the following individuals, whose names appear on the official service list established by the Commission with respect to this filing:

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⁴⁰ Pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), the CAISO requests waiver of the 120-day notice requirement in Section 35.3(a)(1) of the Commission's regulations (18 C.F.R. § 35.3(a)(1)). There is good cause for waiver; CAISO has filed this amendment more than 120 days in advance of the proposed effective date to allow adequate time for both the Commission's consideration of the amendments and for market participants and CAISO to adjust their software to comply with the Commission's order.

⁴¹ Significant work would be required to undo the system changes associated with the proposed market settlement timeline, as this amendment is one of five sets of changes in the CAISO's fall release that will affect settlements and those changes are, in many cases, inter-related.

VI. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of this filing on the CAISO website.

VII. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

- Attachment A: Clean CAISO tariff sheets incorporating this tariff amendment
- Attachment B: Marked CAISO tariff sheeting showing the revisions contained in this tariff amendment

VIII. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission issue an order by October 30, 2020, accepting the proposed tariff revisions for filing, to become effective as of January 1, 2021.

Respectfully submitted,

/s/ Daniel Shonkwiler

Daniel Shonkwiler

Roger E. Collanton
General Counsel
Anthony Ivancovich
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Attachment A – Clean Tariff
Settlement Timeline Tariff Amendment
California Independent System Operator Corporation
August 6, 2020

10.2.1 Responsibilities of CAISO Metered Entities

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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 seven (7) Business Days from the Trading Day (T+7B) and will be used in the Initial Settlement Statement T+9B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at 10:00 am on the seventh (7) Business Day after the Trading Day (T+7B) 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+9B calculation as provided in Section 11.29.7.1.1.
- 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 fifty-two (52) Business Days from the Trading Day (T+52B) and will be used in the Recalculation Settlement Statement T+70B calculation.

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10.3.6 Settlement Quality Meter Data Submission

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10.3.6.1 [Not Used]

10.3.6.2 Timing of SQMD Submission for Calculation of Initial Settlement Statement T+9B

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than 10:00 am on the seventh (7) Business Day after the Trading Day (T+7B) for the Initial Settlement Statement T+9B 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 seven (7) Business Days from the Trading Day (T+7B), 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 Initial Settlement Statement T+9B calculation, as provided in Section 11.29.7.1.

10.3.6.3 Timing of SQMD Submission for Recalculation Settlement Statement T+70B

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 fifty-second (52) Business Day after the Trading Day (T+52B) for the Recalculation Settlement Statement T+70B calculation. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+9B pursuant to Section 10.3.6.2 may submit revised Actual Settlement

Quality Meter Data for the Recalculation Settlement Statement T+70B no later than the fifty-second (52) 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 fifty-two (52) Business Days after the Trading Day (T+52B), 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 fifty-two (52) Business Days after the Trading Day (T+52B) 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+70B calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by fifty-two (52) Business Days after the Trading Day (T+52B) will be set to zero. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by fifty-two (52) Business Days after the Trading Day (T+52B) 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+11M

Scheduling Coordinators may submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statement

T+11M up to two hundred and fourteen Business Days after the Trading Day (T+214B). Scheduling Coordinators submitting Actual Settlement Quality Meter Data after fifty-two Business Days after the Trading Day (T+52B) 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 T+214B, will be rejected by the CAISO and not used in settlement calculations.

10.3.6.5 Submission of Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for Reliability Demand Response Resources that Provide Demand Response Services in Real-Time

Each Scheduling Coordinator for a Demand Response Provider representing a Reliability Demand Response Resource that provides Demand Response Services only in Real-Time shall submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Reliability Demand Response Resource by 10:00 am of the seventh Business Day after the Trading Day (T+7B) on which the Demand Response Services were provided, including Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for a Demand Response Event and for the forty-five (45) calendar days preceding the Trading Day for use in the CAISO's calculation of the Customer Load Baseline pursuant to Section 4.13.4.

* * * * *

11. CAISO Settlements and Billing

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 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. FMM Schedules shall be settled at the relevant FMM LMP at the relevant Scheduling Point. FMM AS Awards shall be settled at the relevant FMM ASMP. 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]

11.1.5 [Not Used]

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11.5.3 Unaccounted For Energy

For each Settlement Interval, the CAISO will calculate Unaccounted For Energy for each utility Service Area for which the IOU or Local Publicly Owned Electric Utility has requested separate Unaccounted For Energy calculation and has met the requirements applicable to a CAISO Metered Entity. The Unaccounted For Energy will be settled at the applicable LAP Hourly Real-Time Price calculated for each utility Service Area for which Unaccounted For Energy is calculated separately. Unaccounted For Energy will be allocated to each Scheduling Coordinator based on the ratio of its metered CAISO Demand within the relevant utility Service Area for which Unaccounted For Energy is calculated separately to total metered CAISO Demand within that utility Service Area.

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. The Uninstructed Deviation Penalty will be applied as follows:

* * * * *

11.29.1 Billing and Payment Process Based on Settlement Statement

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+9B and Recalculation Settlement Statements.

11.29.2 [Not Used]

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11.29.5 General Principles for Production of Settlement Statements

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11.29.5.2 [Not Used]

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11.29.7 Settlements Cycle

11.29.7.1 Timing of Settlements Process

The CAISO will issue: (i) Initial Settlement Statements T+9B on the ninth (9) Business Day from the relevant Trading Day (T+9B); (ii) Recalculation Settlement Statements T+70B on the seventieth (70) Business Day from the relevant Trading Day (T+70B); (iii) Recalculation Settlement Statements T+11M on the two hundred thirty-fourth (234) Business Day after the Trading Day, which is approximately eleven (11) months after the Trading Day (T+11M), if necessary; (iv) Recalculation Settlement Statements T+21M on the four hundred forty-sixth (446) Business Day after the Trading Day, which is approximately twenty-one (21) calendar months from the relevant Trading Day (T+21M), if necessary; (v) Recalculation Settlement Statements T+24M on the five hundred twelfth (512) Business Day after the Trading Day, which is approximately twenty-four (24) calendar months from the relevant Trading Day (T+24M), if necessary; and (vi) any Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3. The CAISO will issue a Market Notice if a Recalculation Settlement Statement T+11M, Recalculation Settlement Statement T+21M, Recalculation Settlement Statement T+24M, 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 issuance of any settlement statements specified above and will rectify such failed or late issuance pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+9B

The CAISO will provide to each Scheduling Coordinator, CRR Holder, Black Start Generator, or

Participating TO for validation an Initial Settlement Statement T+9B for each Trading Day within nine (9) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. The Initial Settlement Statement T+9B 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 Initial Settlement Statement T+9B calculation as follows:

- (a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy.
- (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.
- (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.

11.29.7.1.2 Recalculation Settlement Statements

The CAISO will 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 will be in a format similar to that of the

Initial Settlement Statement T+9B and will include the same granularity of information provided in the Initial Settlement Statement T+9B as amended following the validation procedure.

11.29.7.1.3 [Not Used]

11.29.7.1.4 [Not Used]

11.29.7.1.5 [Not Used]

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+9B and any Recalculation Settlement Statement will constitute the basis for billing in accordance with the CAISO Tariff. The Initial Settlement Statement T+9B will constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statements will constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+9B.

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11.29.7.3 Unscheduled Recalculation Settlement Statements

11.29.7.3.1 Unscheduled Reissue Recalculation Settlement Statement

The CAISO will issue an Unscheduled Reissue Recalculation Settlement Statement to correct a miscalculation that occurred on a Recalculation Settlement Statement T+11M 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. For purposes of determining whether the \$1,000,000 threshold for issuing the unscheduled recalculation settlement statement has been met, the CAISO will calculate the financial impact resulting from an error based on the dollar

value of the charges that were mistakenly assessed due to the error.

The CAISO will issue a Market Notice to advise the Market Participants 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+21M or Recalculation Settlement Statement T+24M as appropriate.

11.29.7.3.2 Unscheduled Directed Recalculation Settlement Statement

Except as provided in 11.29.7.4, the CAISO will not issue Recalculation Settlement Statements other than Recalculation Settlement Statements T+70B; Recalculation Settlement Statements T+11M, Recalculation Settlement Statements T+21M, Recalculation Settlement Statements T+24M, and Unscheduled Reissue Recalculation Settlement Statements unless directed by the CAISO Governing Board or pursuant to a FERC order.

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11.29.7.3.6 Unscheduled Directed Recalculation Settlement Statements may be invoiced separately from market activities in accordance with Section 11.29.10.3.

11.29.7.4 Settlement Cycle for Trading Days before January 1, 2021

For Trading Days January 1, 2018 through December 31, 2020 only, the following additional rules apply:

11.29.7.4.1 Timing of Settlements Process

Instead of the Settlement Statements identified in Section 11.29.7.1, the CAISO will publish Settlement Statements as follows:

- (a) Initial Settlement Statements T+3B on the third (3) Business Day from the relevant Trading Day (T+3B);
- (b) Recalculation Settlement Statements T+12B on the twelfth (12) Business Day from the relevant Trading Day (T+12B);

- (c) Recalculation Settlement Statements T+55B on the fifty-fifth (55) Business Day from the relevant Trading Day (T+55B);
- (d) 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;
- (e) 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;
- (f) Recalculation Settlement Statements T+33M on the six hundred and ninety-third (693) Business Day after the Trading Day, which is approximately thirty-three (33) calendar months from the relevant Trading Day (T+33M), if necessary; and
- (g) 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.

11.29.7.4.2 Initial Settlement Statement T+3B

The CAISO will 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 11.29.7.4.3. 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 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.

11.29.7.4.3 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.
- (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) The CAISO will estimate E-Tag for Interchange Schedules for System Resources based on total Expected Energy, and for EIM Transfer system resources based on Dispatch Instructions.
- (f) The CAISO will not estimate Unaccounted For Energy under Section 11.5.3, Real-Time Imbalance Energy Offset adjustment under Section 11.5.4.1(c), allocation of RTM Bid

Cost Up-lift adjustment under Section 11.8.6.3.2(iv), or MSS deviation payments under 11.7.1 for purposes of calculating Initial Settlement Statement T+3B.

11.29.7.4.4 Meter Data and SQMD for Recalculation Settlement State T+12B

(a) 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 11.29.7.4.3.

(b) 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 Initial Settlement Statement T+12B 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.

- (1) 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.
- (2) 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.

- (3) 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. 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.

(c) Scheduling Coordinators may submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statement T+9M up to one hundred seventy two Business Days after the Trading Day (T+172B). Scheduling Coordinators submitting Actual Settlement Quality Meter Data after forty-eight 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 T+172B, will be rejected by the CAISO and not used in settlement calculations.

11.29.7.4.5 Basis for Billing and Payment

Instead of Section 11.29.7.2, the following will apply: The Initial Settlement Statement T+3B and any Recalculation Settlement Statement will constitute the basis for billing in accordance with the CAISO Tariff. The Initial Settlement Statement T+3B will constitute the basis for billing for all charges in the first

instance. The Recalculation Settlement Statements will constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+3B.

11.29.7.4.6 **Unscheduled Reissue Recalculation Settlement Statement**

The CAISO will 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+18M if the criteria stated in Section 11.29.7.3.1 are met. Any miscalculation due to a CAISO data transfer error or other similar data processing error that does not meet these criteria will be corrected on the next Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+33M as appropriate. If the criteria stated in Section 11.29.7.3.1 are met, the CAISO will follow the process described in that section.

11.29.7.4.7 **Review of Initial Settlement Statement T+3B**

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will 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, which will be reconciled to actual data on subsequent Recalculation Settlement Statements, it is not subject to dispute or exception. The Initial Settlement Statement T+3B will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to.

11.29.7.4.8 **Validation of Recalculation Settlement Statements and Right of Dispute**

(a) Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will have the opportunity to review the terms of any Recalculation Settlement Statement that it receives, and the right to dispute items in Recalculation Settlement Statements as described in subsection (b)(ii). The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement unless it has raised a dispute or reported an exception that satisfies the requirements of subsection (b). Once validated, a Recalculation Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable challenge in any forum to any of the charges or credits on the Recalculation Settlement Statement.

(b) A dispute or exception must satisfy requirements (i) through (v) below.

- (i) Contents of Notice. The notice of the dispute, if any, must clearly state: the Trading Day; the issue date of the Recalculation Settlement Statement; which Recalculation Settlement Statement contains the disputed item (*i.e.*, T+12B, T+9M, etc.); the item disputed; the reasons for the dispute; and the amount claimed (if appropriate). In addition, the notice of dispute must be accompanied with all available evidence reasonably required to support the claim;
- (ii) Items subject to dispute. With respect to a Recalculation Settlement Statement T+12B or a Recalculation Settlement Statement T+55B, any item is subject to dispute except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data. With respect to a Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+33M, the only items subject to dispute are incremental changes that appear on that Recalculation Settlement Statement, meaning a change in dollar value of a specific Charge Code or any new Charge Codes or Trading Day charges appearing for the first time. An incremental change may include the manner in which the CAISO implemented adjustments in response to a dispute that it accepted;
- (iii) T+36M not subject to dispute. Recalculation Settlement Statement T+36M will not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, or adjustment by the CAISO, except as directed by the CAISO Governing Board or by an order issued by 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 to seek redress from FERC in accordance with the Federal Power Act;
- (iv) Means of submittal. The notice of dispute must be submitted through the means specified in the Business Practice Manual;
- (v) Deadline: A dispute of a Recalculation Settlement Statement T+12B must be submitted no later than fourteen (14) Business Days from the date of issuance. A dispute of a Recalculation Settlement Statement T+55B, a Recalculation Settlement Statement T+9M, a Recalculation Settlement Statement T+18M, a Recalculation Settlement Statement T+33M, or an Unscheduled Recalculation Settlement Statement issued pursuant to either Section

11.29.7.3 or Section 11.29.7.4.6 must be submitted no later than twenty-two (22) Business Days from the date of issuance.

11.29.7.4.9 Complex Disputes

The CAISO will make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from: (i) a Recalculation Settlement Statement T+12B, a Recalculation Settlement Statement T+55B, or a 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-one (31) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+33M.

11.29.8 Confirmation And Validation

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11.29.8.2 Validation of Recalculation Settlement Statements and Right of Dispute

- (a) Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will have the opportunity to review the terms of any Settlement Statement that it receives, and the right to dispute items in Settlement Statements described in subsection (b)(ii). The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Settlement Statement unless it has raised a dispute or reported an exception that satisfies the requirements of subsection (b). Once validated, a Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable challenge in any forum to any of the charges or credits on the Settlement Statement.
- (b) A dispute or exception must satisfy requirements (i) through (v) below.
 - (i) Contents of Notice. The notice of the dispute, if any, must clearly state: the Trading Day; the issue date of the Settlement Statement; which Recalculation Settlement Statement contains the disputed item (*i.e.*, T+9B, T+11M, etc.); the item disputed; the reasons for

the dispute; and the amount claimed (if appropriate). In addition, the notice of dispute must be accompanied with all available evidence reasonably required to support the claim;

- (ii) Items subject to dispute. With respect to an Initial Settlement Statement T+9B, and Recalculation Settlement Statement T+70B any item is subject to dispute except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data. With respect to a Recalculation Settlement Statement T+11M, Recalculation Settlement Statement T+21M, the only items subject to dispute are incremental changes that appear on that Recalculation Settlement Statement, meaning a change in dollar value of a specific Charge Code or any new Charge Codes or Trading Day charges appearing for the first time. An incremental change may include the manner in which the CAISO implemented adjustments in response to a dispute that it accepted;
- (iii) T+24M not subject to dispute. Recalculation Settlement Statement T+24M will not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, or adjustment by the CAISO, except as directed by the CAISO Governing Board or by an order issued by FERC. Nothing herein shall be construed to restrict the right of the CAISO or any Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TOs to seek redress from FERC in accordance with the Federal Power Act.
- (iv) Means of submittal. The notice of dispute must be submitted through the means specified in the Business Practice Manual;
- (v) Deadline: A dispute of a Settlement Statement must be submitted no later than twenty-two (22) Business Days from the date of issuance.

11.29.8.3 [Not Used]

11.29.8.4 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 11.29.8.2 above. A request for recurring treatment may be made for any valid reason provided that 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 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 must, 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 must 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 will 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 will be deemed to apply to every subsequent 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.

11.29.8.4.1 [Not Used]

11.29.8.4.2 [Not Used]

11.29.8.4.3 [Not Used]

11.29.8.4.4 [Not Used]

11.29.8.4.5 [Not Used]

11.29.8.4.6 [Not Used]

11.29.8.4.7 [Not Used]

11.29.8.4.8 [Not Used]

11.29.8.4.9 [Not Used]

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 will be as follows:

- (a) The CAISO will reach a determination to approve or deny a 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 will identify the subsequent recalculation settlement statement expected to include the adjustment.
- (b) 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 a 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 will make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from: (i) an Initial Settlement Statement T+9B no later than nine (9) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+11M; and (ii) Recalculation Settlement Statement T+70B or a Recalculation Settlement Statement T+11M and an Unscheduled Recalculation Settlement Statement, no later than nineteen (19) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+21M.

11.29.8.6 Payment Pending Dispute

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that receives an Invoice or Payment Advice must pay any net debit and, subject to the limitations in Section 11.29.17.1, will be entitled to receive any net credit shown in the Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit. The settlement dispute process in Section 11.29.8.2 (or 11.29.7.4.8) will apply to the disputed amount, and any claims related to the outcome of the settlement dispute process will be governed by Section 13.

11.29.8.7 CAISO Determination of Disputes and Further Dispute Resolution

Valid disputes regarding data appearing on a Settlement Statement 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, it may initiate dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated the Settlement Statement. Once validated, a Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable challenge in any forum to any of the charges or credits on the Settlement Statement.

11.29.9 Payment Procedures

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11.29.9.5 No Co-Mingling

The CAISO shall not co-mingle any funds standing to the credit of a CAISO Account with its other funds and shall promptly withdraw any amounts paid into a CAISO Account representing amounts paid for the account of the CAISO.

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11.29.10 Billing and Payment

The CAISO shall prepare and issue to each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO an Invoice or Payment Advice on Wednesday of each week, which will be deemed to have been issued on Wednesday if it is issued by 5:00 a.m. the next calendar day. 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 shall show the amount that is payable by or to each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, which amount shall equal the positive or negative total of all net charges reflected on the relevant Settlement Statements, the Payment Date, being the date on which such amounts is 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 is to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that is a CAISO Debtor are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that is a CAISO Creditor are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice 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 Settlement Statements as provided in the CAISO Payments Calendar. Each billing period will be shown and totaled separately on the Invoice or Payment Advice but the net Invoice or Payment Advice will reflect the entity's net financial obligations in all billing periods included on the Invoice or Payment Advice.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes between Initial Settlement Statement T+9B and Recalculation Settlement Statement T+70B, and thereafter to any Incremental Changes between each subsequent Recalculation Settlement Statement through Recalculation Settlement Statement T+24M. 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.

11.29.10.3 Other Invoicing Provisions

The Invoices or Payment Advices will also include 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 shortfall invoice showing the adjustment to payments resulting from any 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 issue a shortfall invoice to Default-Invoiced SCIDs pursuant to Section 11.29.17.2.1.

Unscheduled Directed Recalculation Settlement Statements and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from 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.

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11.29.11 Instructions for Payment

Unless the CAISO instructs otherwise, each Scheduling Coordinator or CRR Holder shall ensure that the amount shown on the Invoice as payable by that Scheduling Coordinator or CRR Holder is received into the CAISO Clearing Account for value no later than 10:00 a.m. on the Payment Date. In the event of a verifiable error that would be reversed on a future Invoice or Payment Advice, the CAISO may instruct a CAISO Debtor to reduce its payment in the amount of a specific charge reflected on an Invoice. Any such occurrence will not constitute a payment default under the CAISO Tariff. If the CAISO directs such a reduction in payment, it shall make offsetting adjustments on future Invoices or Payment Advices of the

Business Associates that received settlement credits corresponding to the verifiably erroneous charge. The CAISO will inform those entities of the adjustments to their Invoices or Payment Advices.

11.29.12 CAISO's Responsibilities

On the due date for payment of amounts shown in an Invoice, the CAISO shall ascertain whether all amounts required to be received into the CAISO Clearing Account have been credited to it. If any such amount has not been so credited, it shall ascertain which CAISO Debtors have failed to pay the amount owed by them and it may, subject to any notice or cure provisions in this Section 11.29, exercise any rights available under the CAISO Tariff or under applicable law to recover any overdue amount. The obligation of the CAISO to pay CAISO Creditors monies owed for a given billing period shall be limited so that the aggregate liability of the CAISO for such payments does not exceed the sum of

- a) the amounts paid to the CAISO Clearing Account for that billing period,
- b) additional amounts recovered by the CAISO by enforcing any Financial Security provided by a defaulting CAISO Creditor to cover any shortfall for that billing period, and
- c) amounts transferred to the CAISO Clearing Account from the CAISO Reserve Account and the CAISO Penalty Reserve Account to cover any shortfall for that billing period

less GMC due to the CAISO for the same billing period and amounts shown as due to internal accounts rather than to CAISO Creditors, such as the balancing accounts for CRRs, RAIM or penalties issued under Section 37.

11.29.13 Non-Payment by a Scheduling Coordinator or CRR Holder

11.29.13.1 Notification and Interest

If a CAISO Debtor becomes aware that a payment for which it is responsible will not be received into the CAISO Clearing Account on time, it shall immediately notify the CAISO of the fact and the reason for the non-payment. If the CAISO Debtor fails to pay any sum to the CAISO when due and after the CAISO draws upon any available Financial Security provided by the defaulting Scheduling Coordinator or CRR Holder, the CAISO Debtor shall pay Interest on the overdue amount for the period from the Payment Date to the date on which the payment is received into the CAISO Clearing Account, together with any related transaction costs incurred by the CAISO. The CAISO shall apply all such Interest payments on the default amount either on a *pro rata* basis to CAISO Creditors in relation to amounts past due in the order

of the creation of such debts, or, if the default amount was allocated pursuant to Section 11.29.17.2, to Default-Invoiced SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.1 in relation to amounts past due in the order of the creation of such debts.

11.29.13.2 Payment Default

Subject to Section 11.29.13.6, if by 10:00 am on a Payment Date the CAISO, in its reasonable opinion, believes that all or any part of any amount due to be received into the CAISO Clearing Account from any CAISO Debtor has not been received and there are insufficient funds in the relevant CAISO Debtor's CAISO prepayment account (the amount of insufficiency being referred to as the "default amount"), the CAISO shall take the following actions to enable the CAISO Clearing Account to clear not later than the close of banking business on the relevant Payment Date.

11.29.13.3 Enforcing the Financial Security of a Defaulting Scheduling Coordinator or CRR Holder

Subject to Section 11.29.13.6, the CAISO shall make reasonable endeavors to enforce the defaulting CAISO Debtor's Financial Security (if any) to the extent necessary to pay the default amount. If it is not practicable to obtain clear funds in time to effect payment to CAISO Creditors on the same day the CAISO shall proceed in accordance with Sections 11.29.13.4 or 11.29.17.1 as applicable.

* * * * *

11.29.13.5 Action against a Defaulting CAISO Debtor

The CAISO shall as soon as possible after taking action under 11.29.13.4 take any steps it deems appropriate against the defaulting CAISO Debtor to recover the default amount (and any Interest as set out in Section 11.29.13.3 including enforcing any Financial Security, exercising its rights of recoupment or set-off and/or bringing proceedings against the defaulting CAISO Debtor pursuant to Section 11.29.21.1.

* * * * *

11.29.13.9 Interest Accruing while Enforcing the Financial Security

If the CAISO has debited the CAISO Reserve Account and it subsequently succeeds in enforcing the Financial Security provided by the defaulting CAISO Debtor, the CAISO shall be entitled to withdraw from such Financial Security in addition to the default amount, all costs incurred and Interest accrued to the CAISO as a result of debiting the CAISO Reserve Account from the date of such debit to the date of enforcement of the said Financial Security.

11.29.13.10 Application of Funds Received

Amounts credited to the CAISO Clearing Account in payment of a default amount (as set out in Section 11.29.9.6.2.1 and 11.29.9.6.4.1) or as a result of enforcing the defaulting CAISO Debtor's Financial Security shall be applied to the CAISO Reserve Account pursuant to Section 11.29.9.6.2.1 or to the CAISO Penalty Reserve Account pursuant to Section 11.29.9.6.4.1 to reduce amounts outstanding under any CAISO banking facilities used to fund the CAISO Reserve Account or the CAISO Penalty Reserve Account on the relevant Payment Date less any amounts that first shall be applied either to reimburse *pro rata* any CAISO Creditors whose payments were reduced pursuant to Section 11.29.17.1, or, if the default amount was allocated pursuant to Section 11.29.17.2, to reimburse Default-Invoiced SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.1. Payments to CAISO Creditors and Default-Invoiced SCIDs will be made according to Section 11.29.17.3.

* * * * *

11.29.17 Alternative Payment Procedures

11.29.17.1 Pro Rata Reduction to Payments

If it is not possible to clear the CAISO Clearing Account on a Payment Date because of nonpayment by a CAISO Debtor, which cannot be covered using funds available in the CAISO Reserve Account or the CAISO Penalty Reserve Account, or by enforcing any Financial Security provided by a defaulting CAISO Debtor, the CAISO shall, after deducting Grid Management Charge and FERC Annual Charges in accordance with Section 11.29.9.6.1 and paying amounts shown as due to internal accounts rather than to CAISO Creditors, such as the balancing accounts for CRRs, RAIM or penalties issued under Section

37, (1) first pay in full every CAISO Creditor whose net amounts receivable on the relevant Payment Date is less than \$5,000; and (2) second, reduce payments to all remaining CAISO Creditors proportionately to the net amounts payable to them on the relevant Payment Date to the extent necessary to clear the CAISO Clearing Account through a shortfall allocation. Each payment default amount allocated to CAISO Creditors through a shortfall allocation under this Section 11.29.17.1 that remains unpaid by the defaulting CAISO Debtor will be allocated as set forth in Section 11.29.17.2. The provisions of this Section 11.29.17.1 shall not apply to the extent the CAISO invokes Section 11.29.11 to direct a CAISO Debtor to not pay charges that are verifiably erroneous, or to non-payment of any penalty amount that a Scheduling Coordinator or CRR Holder has disputed and FERC has specifically authorized the Scheduling Coordinator or CRR Holder to net its payment to the CAISO by the amount of the penalty in question in accordance with Section 37.9.3.

11.29.17.2 Payment Default Allocation

11.29.17.2.1 Methodology for Allocating Payment Default Amounts

Each payment default amount allocated to CAISO Creditors through a shortfall allocation pursuant to Section 11.29.17.1 and that remains unpaid by the defaulting CAISO Debtor will be allocated on the next practicable Invoices to the Default-Invoiced SCIDs to which the percentage shares calculated pursuant to Section 11.29.17.2.7 for the current calendar quarter apply, excluding the CAISO Debtor that has not paid the payment default amount, pursuant to the following methodology:

- (a) Twenty (20) percent of the payment default amount will be allocated to the Default-Invoiced SCIDs in proportion to the net amounts that were payable in each applicable calendar quarter (and averaged within such calendar quarter) to the Default-Invoiced SCIDs over the applicable Default Look-Back Periods. For Market Participants subject to Default Election option 1, these net amounts will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, these net amounts will be calculated by consolidating all of the data for the applicable SCIDs, recognizing any offsetting effect of an individual SCID's positive or negative dollar amount in the consolidated total.
- (b) Thirty (30) percent of the payment default amount will be allocated to the Default-Invoiced

SCIDs in proportion to the sum of the absolute values of the dollar amounts shown on their Invoices payable or receivable in each applicable calendar quarter (and averaged within such calendar quarter) over the applicable Default Look-Back Periods, after excluding dollar amounts shown on the Invoices for payments and charges for GMC, RMR, and Wheeling Access Charge costs, and after excluding the billing of Access Charges and the payment of Transmission Revenue Requirements to Participating Transmission Owners. For Market Participants subject to Default Election option 1, the sum of the absolute values of the dollar amounts shown on their Invoices payable or receivable in each applicable calendar quarter will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, the absolute values of the net sum of the dollar amounts shown on their Invoices payable or receivable in each applicable calendar quarter will be calculated by consolidating all of the data for the applicable SCIDs, recognizing any offsetting effect of an individual SCID's positive or negative dollar amount in the consolidated total.

- (c) Fifty (50) percent of the payment default amount will be allocated to the Default-Invoiced SCIDs in proportion to the largest of the following five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) for each Default-Invoiced SCID over the applicable Default Look-Back Periods:
- (1) Cleared Day-Ahead Schedules to supply Energy, plus Day-Ahead Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus scheduled supply obligation for Ancillary Services (including imports but excluding RUC Schedules), plus Virtual Supply Awards;
 - (2) Metered Generation, plus Real-Time Interchange Import Schedules, plus Real-Time Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus FMM Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus Real-Time supply obligation for Ancillary Services;
 - (3) Cleared Day-Ahead Schedules for Demand (including Demand served by Pumped-Storage Hydro Units and exports) multiplied by one-hundred three (103)

percent to reflect Transmission Losses, plus scheduled demand obligation for Ancillary Services, plus Virtual Demand Awards;

- (4) Metered Load multiplied by one-hundred three (103) percent to reflect Transmission Losses, plus Real-Time Interchange Export Schedules, plus Real-Time demand obligation for Ancillary Services; or
- (5) The greater of (A) the quantity of CRRs acquired in CRR Auctions or transferred through the Secondary Registration System (excluding CRRs acquired in CRR Allocations) or (B) Inter-SC Trades of Energy.

For Market Participants subject to Default Election option 1, each of the five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, each of the five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) will be calculated by consolidating all of the data for the applicable SCIDs.

11.29.17.2.2 [Not Used]

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11.29.17.2.4 Default Election

- (a) Each Market Participant that is a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO will make an election of either option 1 or option 2 under this Section 11.29.17.2.4, which will be the Market Participant's Default Election until such time as a subsequent change by the Market Participant of its Default Election from option 1 to option 2 (or vice versa) goes into effect. Each Market Participant that is a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO shall make only a single Default Election regardless of whether that Market Participant has multiple effective contracts with the CAISO that cause the entity to be a Market Participant. For example, an entity that has signed a Scheduling Coordinator Agreement and a CRR

Entity Agreement shall only make a single Default Election.

- (i) Option 1: For such Market Participants that choose Default Election option 1, the methodology for allocating payment default amounts set forth in Section 11.29.17.2.1 will apply to each SCID of such Market Participant on an SCID-by-SCID basis, and each SCID of such Market Participant will be a Default-Invoiced SCID.
- (ii) Option 2: In order to qualify for Default Election option 2, all of the SCIDs of a Market Participant with one or more effective contracts with the CAISO must certify that they meet one of the following criteria, and the entity must agree that the methodology for allocating payment default amounts set forth in Section 11.29.17.2.1 will apply to all SCIDs created for use under all of the effective contracts with the CAISO based on a consolidation of data for all such SCIDs:
 - (1) All of the SCIDs are associated with Affiliates or business units under common control where one or more of the Affiliates or business units or a related business entity has more than fifty (50) percent control of the Affiliates or business units, either directly or through one or more intermediaries;
 - (2) All of the SCIDs are associated with a Joint Powers Authority; or
 - (3) All of the SCIDS are associated with a municipal utility or state or federal agency.

Each Market Participant that chooses Default Election option 2 will at the same time select a single SCID to be the sole Default-Invoiced SCID under option 2. This Default-Invoiced SCID will receive Invoices containing payment default amounts allocated on behalf of all of the SCIDs under all contracts between the entity and the CAISO. Allocation of payment default amounts for entities choosing Default Election option 2 will be based on consolidated data from all of the entity's SCIDs. The selection of a single SCID as the sole Default-Invoiced SCID will not in any way relieve any Market Participant subject to Default

Election option 2 of any obligation to pay Invoices, including in the event of a default by the Default-Invoiced SCID on a default payment obligation, in which case the CAISO will be entitled to utilize all available Financial Security provided by any defaulting Market Participant subject to Default Election option 2.

- (b) [Not Used]
- (c) Market Participants may change their Default Elections by October 1 of each calendar year by notifying the CAISO, to become effective on January 1 of the next calendar year. Market Participants that do not change their Default Elections by that date will be deemed to have chosen to continue their current Default Elections.
- (d) Each entity that becomes a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO after one of the dates set forth in Section 11.29.17.2.4(a), -(b), or -(c) will make its Default Election prior to engaging in any transactions in the CAISO Markets. The Default Election of each such entity will remain in effect until the entity makes another Default Election pursuant to this Section 11.29.17.2.4. However, any Market Participant that has already made a Default Election will not be eligible to change its Default Election as a result of its subsequently also becoming a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO.
- (e) Market Participants that do not timely inform the CAISO of their initial Default Elections will be deemed to have chosen Default Election option 1.

11.29.17.2.5 Effect of Change in Default Election

Each time that a Market Participant changes its Default Election pursuant to Section 11.29.17.2.4 from option 1 to option 2 (or vice versa), the following provisions will apply:

- (a) For the first quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first three (3) full calendar quarters of data within the Default Look-Back Period and application of the new election to the most recent full calendar quarter of data within the Default Look-Back Period.

- (b) For the second quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first two (2) full calendar quarters of data within the Default Look-Back Period and application of the new election to the most recent two (2) full calendar quarters of data within the Default Look-Back Period.
- (c) For the third quarter of the calendar year after the change in Default Election goes into effect, the new Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first full calendar quarter of data within the Default Look-Back Period and application of the new election to the most recent three (3) full calendar quarters of data within the Default Look-Back Period.
- (d) For the fourth quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the new election to the entire Default Look-Back Period.

11.29.17.2.6 Default Look-Back Period

- (a) The following provisions will apply to each Default-Invoiced SCID for an entity that is a new Market Participant that begins to participate in the CAISO Markets following the effective date of this Section 11.29.17.2.6:
 - (i) The Default-Invoiced SCID for that Market Participant will first be subject to allocation of payment default amounts under Section 11.29.17.2.1 in the second calendar quarter following the calendar quarter in which the Market Participant begins to participate in the CAISO Markets and the applicable Default Look-Back Period will be the calendar quarter in which the Market Participant began to participate in the CAISO Markets.
 - (ii) For each payment default that occurs in the third calendar quarter following the calendar quarter in which the Market Participant begins to participate in the

CAISO Markets, the applicable Default Look-Back Period will be the Market Participant's first two (2) calendar quarters of participation in the CAISO Markets.

- (iii) For each payment default that occurs in the fourth calendar quarter following the calendar quarter in which the Market Participant begins to participate in the CAISO Markets, the applicable Default Look-Back Period will be the Market Participant's first three (3) calendar quarters of participation in the CAISO Markets.
- (iv) For each payment default that occurs in any subsequent calendar quarter in which Section 11.29.17.2.1 is in effect, the applicable Default Look-Back Period will be the most recent four (4) full calendar quarters for which T+70B data are available.

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11.29.17.3 Payment of Default Receivables

Collections of defaulted receivables (other than Interest) will either be distributed *pro rata* to CAISO Creditors for the Payment Advices that were subject to default or, if the defaulted receivables are allocated pursuant to Section 11.29.17.2, collections of the defaulted receivables will be distributed to Default-Invoiced SCIDs in proportion to their allocated shares of the defaulted receivables as calculated pursuant to Section 11.29.17.2.1 for the Payment Advice on which the payment default occurred.

- (1) If the total collected in that closing related to the past due Payment Advice is less than \$5,000, then the funds shall accumulate in an interest-bearing account until either: (a) the account exceeds \$5,000, (b) there have been no distributions from the account for six months, or (c) all defaults for that month have been collected exclusive of any bankruptcy defaults.
- (2) If all CAISO Creditors for that Payment Advice have been paid, then the proceeds will either be paid *pro rata* to the CAISO Creditors in the oldest unpaid Payment Advice, or, if the defaulted receivables are allocated pursuant to Section 11.29.17.2, the proceeds will

be paid to the Default-Invoiced SCIDs in proportion to their allocated shares of the default amount, as calculated pursuant to Section 11.29.17.2.1 in the oldest unpaid Payment Advice.

- (3) This provision is also applicable to the amounts netted against CAISO Creditor balances related to prior defaulted receivables.
- (4) All defaulted receivables disbursed under this Section shall be disbursed in accordance with the timeframes set forth in Section 11.29.9.6.1.

* * * * *

11.29.23 Communications

The Initial Settlement Statement T+9B, 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 CAISO Payments Calendar

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+9B and Invoices and Payment Advices for that Trading Day;
- (c) The date on which the CAISO will issue the Recalculation Settlement Statements T+70B; T+11M, T+21M, and T+24M, and Invoices and Payment Advices 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 Initial Settlement Statements T+9B, Recalculation Settlement Statements T+70B, T+11M, and T+21M;
- (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 the CAISO Clearing Account will remit payments to the CAISO Creditors of amounts owing to them for that Trading Day; and
- (g) In relation to RMR Charges and RMR compensation, the details are set out in Sections 11.13 and 41 and Appendix H for Legacy RMR Units.

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 that 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 31 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 January 1 to December 31 in the next succeeding year (both dates inclusive), the dates that Settlement Statements will be published by the CAISO and the Payment Dates that the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

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13.1.4 Disputes Arising Under Section 11

In the case of a dispute of a Settlement Statement under section 11.29.8.2 or 11.29.7.4, a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO must initiate any good faith negotiation or other dispute resolution remedy under this Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under such section.

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37.5.2.1 Expected Conduct

Scheduling Coordinators representing Scheduling Coordinator Metered Entities shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than fifty-two (52) Business Days after the Trading Day (T+52B). 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+52B 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 fifty-two (52) Business Days after the Trading Day (T+52B) 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.

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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 Initial Settlement Statement T+9B. 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 fifty-two (52) Business Days after the Trading Day (T+52B) 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 by the Meter Data Resubmittal Deadline of T+214B for Recalculation Settlement Statement T+11M. 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+52B 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 by the Meter Data Resubmittal Deadline of T+214B for Recalculation Settlement Statement T+11M, 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+52B 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.

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43A.5.4 Individualized Non-Availability Charges And Availability Incentive Payments

The provisions of Section 40.9 applicable to Resource Adequacy Resources apply to CPM Capacity. Capacity accepting a designation as CPM Capacity will face a resource-specific Availability Incentive Mechanism Price under section 40.9.6. The resource-specific price will be the higher of: (a) the price that the resource was paid by the CAISO (\$/kW-month) as a result of receiving the designation; and (b) the RA Availability Incentive Mechanism rate. Availability Incentive Mechanism payments to a resource designated under the CPM will be capped at the general Availability Incentive Mechanism rate. For a resource requesting a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use that resource-specific CPM capacity price for calculating the Availability Incentive Mechanism only if that resource-specific CPM capacity price has been approved in time for inclusion on

the Recalculation Settlement Statement T+70B. Otherwise, for resources that have sought a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use the CPM Soft Offer Cap price for calculating the Availability Incentive Mechanism price.

Appendix A - Definitions

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- CAISO Estimated Settlement Quality Metered Data

Settlement Quality Meter Data estimated by the CAISO in accordance with Sections 10.3.6.2 and 11.29.7.1.1.

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- [Not Used]

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- Initial Settlement Statement T+9B

A Settlement Statement generated by the CAISO for the calculation of Settlements for a given Trading Day, which is scheduled to publish on the ninth Business Day from the relevant Trading Day (T+9B) and is prior to the Invoice or Payment Advice published for the relevant bill period.

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- 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+70B, Recalculation Settlement Statement T+11M,

Recalculation Settlement Statement T+21M, Recalculation Settlement Statement T+24M, any Recalculation Settlement Statement issued pursuant to Section 11.29.7.4.1 or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

- Recalculation Settlement Statement T+70B

The reissue of an Initial Settlement Statement T+9B by the CAISO scheduled on the seventieth (70th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+11M

The reissue of Recalculation Settlement Statement T+70B by the CAISO approximately eleven (11) calendar months after the Trading Day (T+11M) scheduled on the two hundred thirty-fourth (234th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+21M

The reissue of Recalculation Settlement Statement T+70B, Recalculation Settlement Statement T+11M, or an Unscheduled Reissue Recalculation Settlement Statement by the CAISO approximately twenty-one (21) calendar months after the Trading Day (T+21M) scheduled on the four hundred forty-sixth (446th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+24M

The reissue of a Recalculation Settlement Statement T+70B, Recalculation Settlement Statement T+11M, or Recalculation Settlement Statement T+21M by the CAISO approximately twenty-four (24) calendar months after the Trading Day (T+24M) scheduled on the five hundred-twelfth (512th) Business Day from the relevant Trading Day (T+24M).

Attachment B – Marked Tariff
Settlement Timeline Tariff Amendment
California Independent System Operator Corporation
August 6, 2020

10.2.1 Responsibilities of CAISO Metered Entities

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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 ~~eight-seven~~ (87) Business Days from the Trading Day (T+~~8B7B~~) and will be used in the ~~Initial Recalculation~~ Settlement Statement T+~~912B~~ calculation.
- In the event that Revenue Quality Meter Data remains unavailable at ~~midnight-10:00 am~~ on the ~~eighth-seventh~~ (87) Business Day after the Trading Day (T+~~8B7B~~) 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 Recalculation~~ Settlement Statement T+~~912B~~ calculation as provided in Section ~~11.29.7.1.141.4.5~~.
- 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~~~~fifty-two~~ (5248) Business Days from the Trading Day (T+~~48C52B~~) and will be used in the Recalculation Settlement Statement T+~~7055B~~ calculation.

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10.3.6 Settlement Quality Meter Data Submission

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10.3.6.1 ~~No Meter Data Submission for Initial Settlement Statement T+3B~~ [Not Used]

~~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 Initial Recalculation Settlement Statement T+~~912B~~

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 10:00 am~~ on the ~~eighth-seventh~~ (7~~8~~) Business Day after the Trading Day (T+~~87~~B) for the Initial Recalculation Settlement Statement T+~~912B~~ 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 seven~~ (7~~8~~) Business Days from the Trading Day (T+~~78~~B), 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 Initial Recalculation Settlement Statement T+~~912B~~ calculation, as provided in Section

~~11.29.7.1.11.1.5.~~

10.3.6.3 Timing of SQMD Submission for Recalculation Settlement Statement T+~~55B~~70B

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 ~~fifty-secondforty-eighth~~ (5248) Business Day after the Trading Day (T+~~4852~~B) for the Recalculation Settlement Statement T+~~7055~~B calculation. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the ~~Recalculation-Initial~~ Settlement Statement T+~~912~~B pursuant to Section 10.3.6.2 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+~~7055~~B no later than the ~~fifty-secondforty-eighth~~ (4852) 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 ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~4852~~B), 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 ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~5248~~B) 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+~~7055~~B calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~4852~~B) will be set to zero. A Scheduling Coordinator that

fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~5248~~B) 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+~~119~~M

Scheduling Coordinators may submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statement T+~~119~~M up to ~~one~~two hundred and ~~fourteen~~seventy-two Business Days after the Trading Day (T+~~214472~~B). Scheduling Coordinators submitting Actual Settlement Quality Meter Data after ~~fifty-twoforty-eight~~ Business Days after the Trading Day (T+~~4852~~B) ~~but up to T+172B~~ 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 T+~~214472~~B, will be rejected by the CAISO and not used in settlement calculations.

10.3.6.5 Submission of Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for Reliability Demand Response Resources that Provide Demand Response Services in Real-Time

Each Scheduling Coordinator for a Demand Response Provider representing a Reliability Demand Response Resource that provides Demand Response Services only in Real-Time shall submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Reliability Demand Response Resource by ~~midnight~~10:00 am of the ~~eighth~~seventh Business Day after the Trading Day (T+~~887~~B) on which the Demand Response Services were provided, including Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for a Demand Response Event and for the forty-five (45) calendar days preceding the Trading Day for use in the CAISO's calculation of the Customer Load Baseline pursuant to Section 4.13.4.

* * * * *

11. CAISO Settlements and Billing

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. FMM Schedules shall be settled at the relevant FMM LMP at the relevant Scheduling Point. FMM AS Awards shall be settled at the relevant FMM ASMP. 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 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.~~

~~(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) The CAISO will estimate E-Tag for Interchange Schedules for System Resources based on total Expected Energy, and for EIM Transfer system resources based on Dispatch Instructions.~~

~~(f) The CAISO will not estimate Unaccounted For Energy under Section 11.5.3, Real-Time~~

~~Imbalance Energy Offset adjustment under Section 11.5.4.1(c), allocation of RTM Bid Cost Up lift adjustment under Section 11.8.6.3.2(iv), or MSS deviation payments under 11.7.1 for purposes of calculating Initial Settlement Statement T+3B.~~

11.1.5 ~~[Not Used] SQMD for Recalculation Settlement State 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.~~

* * * * *

11.5.3 Unaccounted For Energy

For each Settlement Interval, the CAISO will calculate Unaccounted For Energy for each utility Service Area for which the IOU or Local Publicly Owned Electric Utility has requested separate Unaccounted For Energy calculation and has met the requirements applicable to a CAISO Metered Entity. The Unaccounted For Energy will be settled at the applicable LAP Hourly Real-Time Price calculated for each utility Service Area for which Unaccounted For Energy is calculated separately. Unaccounted For Energy will be allocated to each Scheduling Coordinator based on the ratio of its metered CAISO Demand within the relevant utility Service Area for which Unaccounted For Energy is calculated separately to total metered CAISO Demand within that utility Service Area. ~~Unaccounted For Energy 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:

* * * * *

11.29.1 Billing and Payment Process Based on Settlement Statement

The billing and payment process shall be based on the issuance of Initial Settlement Statement T+~~9~~³B and ~~the~~ Recalculation Settlement Statements.

11.29.2 ~~[Not Used] 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.~~

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11.29.5 General Principles for Production of Settlement Statements

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11.29.5.2 ~~[Not Used] Right to Dispute~~

~~All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs will 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+33M or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3 in accordance with the CAISO Tariff, but not those set forth in Initial Settlement Statement T+3B or Recalculation Settlement Statement T+36M.~~

* * * * *

11.29.7 Settlements Cycle

11.29.7.1 Timing of Settlements Process

The CAISO will ~~publish~~issue: (i) Initial Settlement Statements T+~~93~~93B on the ~~third~~ninth (~~39~~) Business Day from the relevant Trading Day (T+~~93~~93B); (ii) Recalculation Settlement Statements T+~~1270~~1270B on the ~~twelfth~~seventieth (~~1270~~) Business Day from the relevant Trading Day (T+~~1270~~1270B); (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+~~911~~911M on the ~~two hundred thirty-four~~one hundred and ninety-four (~~234~~194) Business Day after the Trading Day, which is approximately ~~nine~~eleven (~~119~~) months after the Trading Day (T+~~119~~119M), if necessary; (iv) Recalculation Settlement Statements T+~~1821~~1821M on the ~~four hundred forty-six~~three hundred and eighty third (~~446~~383) Business Day after the Trading Day, which is approximately ~~eighteen~~twenty-one (~~218~~) calendar months from the relevant Trading Day (T+~~218~~218M), if necessary; (v) Recalculation Settlement Statements T+~~3324~~3324M on the ~~five hundred twelfth~~six hundred and ninety-third (~~512~~693) Business Day after the Trading Day, which is approximately ~~thirty-three~~twenty-four (~~3324~~) calendar months from the relevant Trading Day (T+~~2433~~2433M), 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 Market Notice if a Recalculation Settlement

Statement T+~~911~~M, Recalculation Settlement Statement T+~~1821~~M, Recalculation Settlement Statement T+~~3324~~M, ~~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-issuance~~ of any settlement statements specified above and will rectify such failed or late ~~issuancepublications~~ pursuant to its procedure posted on the CAISO Website.

11.29.7.1.1 Initial Settlement Statement T+~~93~~B

The CAISO will provide to each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for validation an Initial Settlement Statement T+~~93~~B for each Trading Day within ~~ninethree~~ (~~39~~) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. ~~The Initial Settlement Statement T+9B 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 Initial Settlement Statement T+9B calculation as follows:~~

- ~~(a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy.~~
- ~~(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.~~
- ~~(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.

~~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 will 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 will be in a format similar to that of the Initial Settlement Statement T+39B and will include the same granularity of information provided in the Initial Settlement Statement T+39B as amended following the validation procedure.

11.29.7.1.3 [Not Used]

11.29.7.1.4 [Not Used]

11.29.7.1.5 [Not Used] Bridge Period for Settlements Process Timeline Change (2017)

~~For Trading Days May 30, 2014 through July 31, 2014, the settlement timeline will include: (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.~~

~~A Recalculation Settlement Statement T+35M will be subject to the same provisions in the CAISO Tariff and are applicable to a Recalculation Settlement Statement T+33M, except that any Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must submit any disputes no later than five (5) Business Days after the publication date of a Recalculation Settlement Statement T+35M. In addition, any dispute of a Recalculation Settlement Statement T+35M may be based only on: (i) Incremental Changes between the immediately preceding Recalculation Settlement Statement for the Given Trading Day and the Recalculation Settlement Statement T+35M; (ii) Meter Data issues identified through the audit process; or (iii) any good faith negotiation or dispute resolution settlement. For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO will 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.~~

~~The CAISO will issue a notice to market participants 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 of May 30,~~

~~2014 through July 31, 2014.~~

11.29.7.2 Basis for Billing and Payment

The Initial Settlement Statement T+~~39~~B and any Recalculation Settlement Statement will constitute the basis for billing in accordance with the CAISO Tariff. The Initial Settlement Statement T+~~39~~B will constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statements ~~T+12B and T+55B~~ will constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+~~39~~B. ~~Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO must pay any net debit and, subject to the limitations in Section 11.29.17.1, are entitled to receive any net credit shown in its Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.~~

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11.29.7.3 Unscheduled Recalculation Settlement Statements

11.29.7.3.1 Unscheduled Reissue Recalculation Settlement Statement

The CAISO will issue an Unscheduled Reissue Recalculation Settlement Statement to correct a miscalculation that occurred on a Recalculation Settlement Statement T+~~119~~M ~~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. For purposes of determining whether the \$1,000,000 threshold for issuing the unscheduled recalculation settlement statement has been met, the CAISO will calculate the financial impact resulting from an error based on the dollar value of the charges that were mistakenly assessed due to the error.

The CAISO will issue a Market Notice to advise the Market Participants 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+~~214~~8M or Recalculation Settlement Statement T+~~243~~3M as appropriate.

11.29.7.3.2 Unscheduled Directed Recalculation Settlement Statement

~~Except as provided in 11.29.7.4, the~~ CAISO will not issue Recalculation Settlement Statements other than Recalculation Settlement Statements T+~~704~~2B; Recalculation Settlement Statements T+~~55B~~11M, Recalculation Settlement Statements T+~~921~~M, Recalculation Settlement Statements T+~~182~~4M, ~~Recalculation Settlement Statements T+33M, Recalculation Settlement Statements T+36M,~~ and Unscheduled Reissue Recalculation Settlement Statements unless directed by the CAISO Governing Board or pursuant to a FERC order.

* * * * *

11.29.7.3.6 ~~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.

11.29.7.4 Settlement Cycle for Trading Days before January 1, 2021

~~For Trading Days January 1, 2018 through December 31, 2020 only, the following additional rules apply:~~

11.29.7.4.1 Timing of Settlements Process

~~Instead of the Settlement Statements identified in Section 11.29.7.1, the CAISO will publish Settlement Statements as follows:~~

- ~~(a) Initial Settlement Statements T+3B on the third (3) Business Day from the relevant Trading Day (T+3B):~~

- (b) Recalculation Settlement Statements T+12B on the twelfth (12) Business Day from the relevant Trading Day (T+12B);
- (c) Recalculation Settlement Statements T+55B on the fifty-fifth (55) Business Day from the relevant Trading Day (T+55B);
- (d) 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;
- (e) 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;
- (f) Recalculation Settlement Statements T+33M on the six hundred and ninety-third (693) Business Day after the Trading Day, which is approximately thirty-three (33) calendar months from the relevant Trading Day (T+33M), if necessary; and
- (g) 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.

11.29.7.4.2 Initial Settlement Statement T+3B

The CAISO will 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 11.29.7.4.3. 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 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.

11.29.7.4.3 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.
- (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) The CAISO will estimate E-Tag for Interchange Schedules for System Resources based on total Expected Energy, and for EIM Transfer system resources based on Dispatch Instructions.

(f) The CAISO will not estimate Unaccounted For Energy under Section 11.5.3, Real-Time Imbalance Energy Offset adjustment under Section 11.5.4.1(c), allocation of RTM Bid Cost Up-lift adjustment under Section 11.8.6.3.2(iv), or MSS deviation payments under 11.7.1 for purposes of calculating Initial Settlement Statement T+3B.

11.29.7.4.4 Meter Data and SQMD for Recalculation Settlement State T+12B

(a) 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 11.29.7.4.3.

(b) 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 Initial Settlement Statement T+12B 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.

(1) 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.

(2) 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.

(3) 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. 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.

(c) Scheduling Coordinators may submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statement T+9M up to one hundred seventy two Business Days after the Trading Day (T+172B). Scheduling Coordinators submitting Actual Settlement Quality Meter Data after forty-eight 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 T+172B, will be rejected by the CAISO and not used in settlement calculations.

11.29.7.4.5 Basis for Billing and Payment

Instead of Section 11.29.7.2, the following will apply: The Initial Settlement Statement T+3B and any

Recalculation Settlement Statement will constitute the basis for billing in accordance with the CAISO Tariff. The Initial Settlement Statement T+3B will constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statements will constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+3B.

11.29.7.4.6 Unscheduled Reissue Recalculation Settlement Statement

The CAISO will 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+18M if the criteria stated in Section 11.29.7.3.1 are met. Any miscalculation due to a CAISO data transfer error or other similar data processing error that does not meet these criteria will be corrected on the next Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+33M as appropriate. If the criteria stated in Section 11.29.7.3.1 are met, the CAISO will follow the process described in that section.

11.29.7.4.7 Review of Initial Settlement Statement T+3B

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will 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, which will be reconciled to actual data on subsequent Recalculation Settlement Statements, it is not subject to dispute or exception. The Initial Settlement Statement T+3B will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to.

11.29.7.4.8 Validation of Recalculation Settlement Statements and Right of Dispute

(a) Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will have the opportunity to review the terms of any Recalculation Settlement Statement that it receives, and the right to dispute items in Recalculation Settlement Statements as described in subsection (b)(ii). The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement unless it has raised a dispute or reported an exception that satisfies the requirements of subsection (b). Once validated, a Recalculation Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable

challenge in any forum to any of the charges or credits on the Recalculation Settlement Statement.

(b) A dispute or exception must satisfy requirements (i) through (v) below.

(i) Contents of Notice. The notice of the dispute, if any, must clearly state: the Trading Day; the issue date of the Recalculation Settlement Statement; which Recalculation Settlement Statement contains the disputed item (i.e., T+12B, T+9M, etc.); the item disputed; the reasons for the dispute; and the amount claimed (if appropriate). In addition, the notice of dispute must be accompanied with all available evidence reasonably required to support the claim;

(ii) Items subject to dispute. With respect to a Recalculation Settlement Statement T+12B or a Recalculation Settlement Statement T+55B, any item is subject to dispute except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data. With respect to a Recalculation Settlement Statement T+9M, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+33M, the only items subject to dispute are incremental changes that appear on that Recalculation Settlement Statement, meaning a change in dollar value of a specific Charge Code or any new Charge Codes or Trading Day charges appearing for the first time. An incremental change may include the manner in which the CAISO implemented adjustments in response to a dispute that it accepted;

(iii) T+36M not subject to dispute. Recalculation Settlement Statement T+36M will not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, or adjustment by the CAISO, except as directed by the CAISO Governing Board or by an order issued by 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 to seek redress from FERC in accordance with the Federal Power Act;

(iv) Means of submittal. The notice of dispute must be submitted through the means specified in the Business Practice Manual;

(v) Deadline: A dispute of a Recalculation Settlement Statement T+12B must be submitted no later than fourteen (14) Business Days from the date of issuance. A dispute of a Recalculation Settlement Statement T+55B, a Recalculation Settlement Statement T+9M, a

Recalculation Settlement Statement T+18M, a Recalculation Settlement Statement T+33M, or an Unscheduled Recalculation Settlement Statement issued pursuant to either Section 11.29.7.3 or Section 11.29.7.4.6 must be submitted no later than twenty-two (22) Business Days from the date of issuance.

11.29.7.4.9 Complex Disputes

The CAISO will make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from: (i) a Recalculation Settlement Statement T+12B, a Recalculation Settlement Statement T+55B, or a 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-one (31) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+33M.

11.29.8 Confirmation And Validation

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11.29.8.2 Validation of Recalculation Settlement Statements and Right of Dispute~~Review of Initial Settlement Statement T+3B~~

- (a) Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will have the opportunity to review the terms of any Settlement Statement that it receives, and the right to dispute items in Settlement Statements described in subsection (b)(ii). The Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Settlement Statement unless it has raised a dispute or reported an exception that satisfies the requirements of subsection (b). Once validated, a Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable challenge in any forum to any of the charges or credits on the Settlement Statement.
- (b) A dispute or exception must satisfy requirements (i) through (v) below.

- (i) Contents of Notice. The notice of the dispute, if any, must clearly state: the Trading Day; the issue date of the Settlement Statement; which Recalculation Settlement Statement contains the disputed item (i.e., T+9B, T+11M, etc.); the item disputed; the reasons for the dispute; and the amount claimed (if appropriate). In addition, the notice of dispute must be accompanied with all available evidence reasonably required to support the claim;
- (ii) Items subject to dispute. With respect to an Initial Settlement Statement T+9B, and Recalculation Settlement Statement T+70B any item is subject to dispute except for CAISO or Scheduling Coordinator Estimated Settlement Quality Meter Data. With respect to a Recalculation Settlement Statement T+11M, Recalculation Settlement Statement T+21M, the only items subject to dispute are incremental changes that appear on that Recalculation Settlement Statement, meaning a change in dollar value of a specific Charge Code or any new Charge Codes or Trading Day charges appearing for the first time. An incremental change may include the manner in which the CAISO implemented adjustments in response to a dispute that it accepted;
- (iii) T+24M not subject to dispute. Recalculation Settlement Statement T+24M will not be subject to either a dispute by a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, or adjustment by the CAISO, except as directed by the CAISO Governing Board or by an order issued by FERC. Nothing herein shall be construed to restrict the right of the CAISO or any Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TOs to seek redress from FERC in accordance with the Federal Power Act.
- (iv) Means of submittal. The notice of dispute must be submitted through the means specified in the Business Practice Manual;
- (v) Deadline: A dispute of a Settlement Statement must be submitted no later than twenty-two (22) Business Days from the date of issuance.

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will 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 will be deemed financially binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to.~~

11.29.8.3 Validation of Recalculation Settlement Statements [Not Used]

~~11.29.8.3.1 Validation of Recalculation Settlement Statement T+12B~~

~~Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will 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 will 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 will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to, except to the extent that the CAISO performs a Recalculation Settlement Statement.~~

~~The notice of dispute, if any, must clearly state: 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 the notice of dispute must 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 will 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 will 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 will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to, except to the extent that the CAISO performs a subsequent Recalculation Settlement Statement.~~

~~The notice of dispute, if any, must clearly state: 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 the notice of dispute must 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 will 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+33M, 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 will 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+33M, or Unscheduled Recalculation Settlement Statements that it receives pursuant to Section 11.29.7.3 will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to, except to the extent that the CAISO performs an Unscheduled Recalculation Settlement Statement pursuant to Section 11.29.7.3.~~

~~The notice of dispute must clearly state: 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 the notice of dispute must 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 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 11.29.8.2 above. A request for recurring treatment may be made for any valid reason provided that 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 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 must, 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 must 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 will 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 will be deemed to apply to every subsequent 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.

11.29.8.4.1 [Not Used]

Dispute of Initial Settlement Statement T+3B Not Permitted

~~Because the 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 will be permitted for any terms reflected on this settlement statement.~~

11.29.8.4.2 [Not Used]

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 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 the Recalculation Settlement Statement T+12B. Valid disputes regarding data appearing on 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 dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement T+12B.~~

11.29.8.4.3 [Not Used]

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 dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement T+55B.~~

11.29.8.4.4 [Not Used]

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 must 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 dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement T+9M.~~

11.29.8.4.5 [Not Used]

~~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. A dispute must 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 dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder,~~

~~Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement T+18M.~~

11.29.8.4.6 [Not Used]

~~Dispute of Recalculation Settlement Statement T+33M~~

~~Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO may submit disputes regarding Incremental Changes in a Recalculation Settlement Statement T+33M, including the CAISO's implementation of a prior accepted dispute contained in a Recalculation Settlement Statement T+33M, no later than twenty two (22) Business Days after the publication date of a Recalculation Settlement Statement T+33M. A dispute must only be based on: (i) Incremental Changes between the immediately preceding Recalculation Settlement Statement for the given Trading Day and Recalculation Settlement Statement T+33M; (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+33M 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+33M, it may initiate a good faith negotiation or other dispute resolution remedy under the procedures and pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate a good faith negotiation or other dispute resolution remedy within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Recalculation Settlement Statement T+33M. Once validated, a Recalculation Settlement Statement T+33M will be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to.~~

11.29.8.4.7 [Not Used]

~~No Dispute of Recalculation Settlement Statement T+36M~~

~~Recalculation Settlement Statement T+36M will not be subject to either a dispute by a Scheduling~~

~~Coordinator, CRR Holder, Black Start Generator, or Participating TO, or adjustment by the CAISO, except as directed by the CAISO Governing Board or by an order issued by 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 [Not Used] ~~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 must 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 dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated each Unscheduled Recalculation Settlement Statement T+9M.~~

11.29.8.4.9 [Not Used] ~~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 11.29.8.21 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 must, 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 must 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 will 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 will 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 will 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, Recalculation Settlement Statement T+33M, or Unscheduled Recalculation Settlement Statement issued pursuant to Section 11.29.7.3,~~ the CAISO will reach a determination to approve or deny ~~the~~a 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 will identify the subsequent recalculation settlement statement expected to include the adjustment.

- (b) 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 a 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 will make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from: (i) ~~an Recalculation Initial Settlement Statement T+129B, Recalculation Settlement Statement T+55B, or Recalculation Settlement Statement T+9M,~~ no later than ~~fifteen~~ nine (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+~~114~~8M; and (ii) ~~Recalculation Settlement Statement T+70B or~~ a Recalculation Settlement Statement T+~~18~~1M and an Unscheduled Recalculation Settlement Statement, no later than ~~thirty-~~ ~~one~~ nineteen (31) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+~~33~~21M.

11.29.8.6 Payment Pending Dispute

Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that receives an Invoice or Payment Advice ~~will~~must pay any net debit and, subject to the limitations in Section 11.29.17.1, will be entitled to receive any net credit shown in the Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit. The settlement dispute process in provisions of Section ~~4~~311.29.8.2 (or 11.29.7.4.8) will apply to the disputed amount, and any

claims related to the outcome of the settlement dispute process will be governed by Section 13.

11.29.8.7 CAISO Determination of Disputes and Further Dispute Resolution

Valid disputes regarding data appearing on a Settlement Statement 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, it may initiate dispute resolution under Section 13 of the CAISO Tariff pursuant to the deadlines set forth in Section 13. If a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO does not initiate dispute resolution under Section 13 of the CAISO Tariff within the time period set forth in Section 13, the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO will be deemed to have validated the Settlement Statement. Once validated, a Settlement Statement will be binding, meaning that the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that it relates to waives any and all right to bring any form of legal or equitable challenge in any forum to any of the charges or credits on the Settlement Statement.

11.29.9 Payment Procedures

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11.29.9.5 No Co-Mingling

~~To facilitate and better ensure accurate processing of payment defaults pursuant to Section 11.29.17.1,~~
The CAISO shall not co-mingle any funds standing to the credit of a CAISO Account with its other funds and shall promptly withdraw any amounts paid into a CAISO Account representing amounts paid for the account of the CAISO.

* * * * *

11.29.10 Billing and Payment

The CAISO shall prepare and ~~send~~issue to each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO an Invoice or Payment Advice on Wednesday of each week, which will be deemed to have been issued on Wednesday if it is issued by 5:00 a.m. the next calendar day. 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 shall show the amount that is payable by or to each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO, which amount shall equal the positive or negative total of all net charges reflected on the relevant Settlement Statements, the Payment Date, being the date on which such amounts is 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 is to be paid. Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that is a CAISO Debtor are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO that is a CAISO Creditor 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 Settlement Statements ~~(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 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~~ shown and totaled 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 included on the Invoice or Payment Advice.

11.29.10.2 Interest

Interest will be applied to any Incremental Changes between Initial Settlement Statement T+~~93~~⁹³B and Recalculation Settlement Statement T+~~70~~⁷⁰~~42~~⁴²B, and thereafter to any Incremental Changes between each subsequent Recalculation Settlement Statement through Recalculation Settlement Statement T+~~24~~²⁴~~36~~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.

11.29.10.3 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~~ shortfall invoice showing the adjustment to payments resulting from ~~for~~ any 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~~ a shortfall invoice 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.~~

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. 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.

* * * * *

11.29.11 Instructions for Payment

Unless the CAISO instructs otherwise, each Scheduling Coordinator or CRR Holder shall ensure that the amount shown on the Invoice as payable by that Scheduling Coordinator or CRR Holder is received into the CAISO Clearing Account for value not later than 10:00 a.m. on the Payment Date. In the event of a verifiable error that would be reversed on a future Invoice or Payment Advice, the CAISO may instruct a ~~Scheduling Coordinator or CRR Holder~~ CAISO Debtor to reduce its payment in the amount of a specific charge reflected on an Invoice. Any such occurrence will not constitute a payment default under the CAISO Tariff. If the CAISO directs such a reduction in payment, it shall make offsetting adjustments on future Invoices or Payment Advices of ~~the Business Associates, Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs~~ that received settlement credits corresponding to the verifiably erroneous charge. The CAISO will inform those entities of the adjustments to their Invoices or Payment Advices.

11.29.12 CAISO's Responsibilities

On the due date for payment of amounts shown in an Invoice, the CAISO shall ascertain whether all amounts required to be received into the CAISO Clearing Account have been credited to it. If any such amount has not been so credited, it shall ascertain which ~~Scheduling Coordinators or CRR Holders~~ CAISO Debtors have failed to pay the amount owed by them and it may, subject to any notice or cure provisions in this Section 11.29, exercise any rights available under the CAISO Tariff or under applicable law to recover any overdue amount. The obligation of the CAISO to pay CAISO Creditors monies owed for a given billing period shall be limited so that the aggregate liability of the CAISO for such payments does not exceed the sum of

- a) the amounts paid to the CAISO Clearing Account for that billing period,
 - b) additional amounts recovered by the CAISO by enforcing any Financial Security provided by a defaulting CAISO Creditor to cover any shortfall for that billing period, and
 - c) amounts transferred to the CAISO Clearing Account from the CAISO Reserve Account and the CAISO Penalty Reserve Account to cover any shortfall for that billing period
- less GMC due to the CAISO for the same billing period and amounts shown as due to internal accounts rather than to CAISO Creditors, such as the balancing accounts for CRRs, RAIM or penalties issued

under Section 37.

11.29.13 Non-Payment by a Scheduling Coordinator or CRR Holder

11.29.13.1 Notification and Interest

If a ~~Scheduling Coordinator or CRR Holder~~CAISO Debtor becomes aware that a payment for which it is responsible will not be received into the CAISO Clearing Account on time, it shall immediately notify the CAISO of the fact and the reason for the non-payment. If the ~~Scheduling Coordinator or CRR Holder~~CAISO Debtor fails to pay any sum to the CAISO when due and after ~~and~~ the CAISO draws upon any ~~and all~~ available Financial Security provided by the defaulting Scheduling Coordinator or CRR Holder, the ~~Scheduling Coordinator or CRR Holder~~CAISO Debtor shall pay Interest on the overdue amount for the period from the Payment Date to the date on which the payment is received into the CAISO Clearing Account, together with any related transaction costs incurred by the CAISO. The CAISO shall apply all such Interest payments on the default amount either on a *pro rata* basis to CAISO Creditors in relation to amounts past due in the order of the creation of such debts, or, if the default amount was allocated pursuant to Section 11.29.17.2, to Default-Invoiced SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.1 ~~or to SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.2, as applicable,~~ in relation to amounts past due in the order of the creation of such debts.

11.29.13.2 Payment Default

Subject to Section 11.29.13.6, if by 10:00 am on a Payment Date the CAISO, in its reasonable opinion, believes that all or any part of any amount due to be received into the CAISO Clearing Account from any ~~CAISO Debtor Scheduling Coordinator or CRR Holder~~ has not been received and there are insufficient funds in the relevant ~~Scheduling Coordinator's or CRR Holder's~~CAISO Debtor's CAISO prepayment account (the amount of insufficiency being referred to as the "default amount"), the CAISO shall take the following actions to enable the CAISO Clearing Account to clear not later than the close of banking business on the relevant Payment Date.

11.29.13.3 Enforcing the Financial Security of a Defaulting Scheduling Coordinator or CRR Holder

Subject to Section 11.29.13.6, the CAISO shall make reasonable endeavors to enforce the defaulting

~~CAISO Debtor's Scheduling Coordinator's or CRR Holder's~~ Financial Security (if any) to the extent necessary to pay the default amount. If it is not practicable to obtain clear funds in time to effect payment to CAISO Creditors on the same day the CAISO shall proceed in accordance with Sections 11.29.13.4 or 11.29.17.1 as applicable.

* * * * *

11.29.13.5 Action against a Defaulting ~~CAISO Debtor Scheduling Coordinator or CRR Holder~~

The CAISO shall as soon as possible after taking action under 11.29.13.4 take any steps it deems appropriate against the defaulting ~~Scheduling Coordinator~~CAISO Debtor to recover the default amount (and any Interest as set out in Section 11.29.13.3 including enforcing any Financial Security, exercising its rights of recoupment or set-off and/or bringing proceedings against the defaulting ~~Scheduling Coordinator or CRR Holder~~CAISO Debtor pursuant to Section 11.29.21.1.

* * * * *

11.29.13.9 Interest Accruing while Enforcing the Financial Security

If the CAISO has debited the CAISO Reserve Account and it subsequently succeeds in enforcing the Financial Security provided by the defaulting ~~Scheduling Coordinator or CRR Holder~~CAISO Debtor, the CAISO shall be entitled to withdraw from such Financial Security in addition to the default amount, all costs incurred and Interest accrued to the CAISO as a result of debiting the CAISO Reserve Account from the date of such debit to the date of enforcement of the said Financial Security.

11.29.13.10 Application of Funds Received

Amounts credited to the CAISO Clearing Account in payment of a default amount (as set out in Section 11.29.9.6.2.1 and 11.29.9.6.4.1) or as a result of enforcing the defaulting CAISO Debtor's Financial Security shall be applied to the CAISO Reserve Account pursuant to Section 11.29.9.6.2.1 or to the CAISO Penalty Reserve Account pursuant to Section 11.29.9.6.4.1 to reduce amounts outstanding under any CAISO banking facilities used to fund the CAISO Reserve Account or the CAISO Penalty Reserve

Account on the relevant Payment Date less any amounts that first shall be applied either to reimburse *pro rata* any CAISO Creditors whose payments were reduced pursuant to Section 11.29.17.1, or, if the default amount was allocated pursuant to Section 11.29.17.2, to reimburse Default-Invoiced SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.1 ~~or to reimburse SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.2, as applicable.~~ Payments to CAISO Creditors and Default-Invoiced SCIDs will be made according to Section 11.29.17.3.

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11.29.17 Alternative Payment Procedures

11.29.17.1 Pro Rata Reduction to Payments

~~The obligation of the CAISO to pay Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs, and any other Business Associates monies owed for a given settlement period shall be limited so that the aggregate liability of the CAISO for such payments does not exceed the sum of a) the amounts paid to the CAISO Clearing Account for that settlement period, b) additional amounts recovered by the CAISO by enforcing any Financial Security provided by a defaulting Scheduling Coordinator of CRR Holder to cover any shortfall for that settlement period, and c) amounts transferred to the CAISO Clearing Account from the CAISO Reserve Account and the CAISO Penalty Reserve Account to cover any shortfall for that settlement period.~~ If it is not possible to clear the CAISO Clearing Account on a Payment Date because of nonpayment by a CAISO Debtor, which cannot be covered using an insufficiency of funds available in the CAISO Reserve Account or the CAISO Penalty Reserve Account, or by enforcing any Financial Security provided by a defaulting ~~Scheduling Coordinator or CRR Holder~~ CAISO Debtor, the CAISO shall, after deducting Grid Management Charge and FERC Annual Charges in accordance with Section 11.29.9.6.1 and paying amounts shown as due to internal accounts rather than to CAISO Creditors, such as the balancing accounts for CRRs, RAAIM or penalties issued under Section 37, (1) first pay in full every CAISO Creditor whose net amounts receivable on the relevant Payment Date is less than \$5,000; and (2) second, reduce payments to all remaining CAISO Creditors

proportionately to the net amounts payable to them on the relevant Payment Date to the extent necessary to clear the CAISO Clearing Account through a shortfall allocation. Each payment default amount allocated to CAISO Creditors through a shortfall allocation under this Section 11.29.17.1 that remains unpaid by the defaulting ~~Scheduling Coordinator or CRR Holder~~ CAISO Debtor will be allocated as set forth in Section 11.29.17.2. The provisions of this Section 11.29.17.1 shall not apply to the extent the CAISO invokes Section 11.29.11 to direct a CAISO Debtor to not pay charges that are verifiably erroneous, or to non-payment of any penalty amount that a Scheduling Coordinator or CRR Holder has disputed and FERC has specifically authorized the Scheduling Coordinator or CRR Holder to net its payment to the CAISO by the amount of the penalty in question in accordance with Section 37.9.3.

11.29.17.2 Payment Default Allocation

11.29.17.2.1 Methodology for Allocating Payment Default Amounts

~~Except as set forth in Section 11.29.17.2.2, e~~ Each payment default amount allocated to CAISO Creditors through a shortfall allocation pursuant to Section 11.29.17.1 and that remains unpaid by the defaulting ~~Scheduling Coordinator or CRR Holder~~ CAISO Debtor will be allocated on the next practicable Invoices to the Default-Invoiced SCIDs to which the percentage shares calculated pursuant to Section 11.29.17.2.7 for the current calendar quarter apply, excluding the CAISO Debtor that has not paid the payment default amount, pursuant to the following methodology:

- (a) Twenty (20) percent of the payment default amount will be allocated to the Default-Invoiced SCIDs in proportion to the net amounts that were payable in each applicable calendar quarter (and averaged within such calendar quarter) to the Default-Invoiced SCIDs over the applicable Default Look-Back Periods. For Market Participants subject to Default Election option 1, these net amounts will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, these net amounts will be calculated by consolidating all of the data for the applicable SCIDs, recognizing any offsetting effect of an individual SCID's positive or negative dollar amount in the consolidated total.
- (b) Thirty (30) percent of the payment default amount will be allocated to the Default-Invoiced SCIDs in proportion to the sum of the absolute values of the dollar amounts shown on

their Invoices payable or receivable in each applicable calendar quarter (and averaged within such calendar quarter) over the applicable Default Look-Back Periods, after excluding dollar amounts shown on the Invoices for payments and charges for GMC, RMR, and Wheeling Access Charge costs, and after excluding the billing of Access Charges and the payment of Transmission Revenue Requirements to Participating Transmission Owners. For Market Participants subject to Default Election option 1, the sum of the absolute values of the dollar amounts shown on their Invoices payable or receivable in each applicable calendar quarter will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, the absolute values of the net sum of the dollar amounts shown on their Invoices payable or receivable in each applicable calendar quarter will be calculated by consolidating all of the data for the applicable SCIDs, recognizing any offsetting effect of an individual SCID's positive or negative dollar amount in the consolidated total.

- (c) Fifty (50) percent of the payment default amount will be allocated to the Default-Invoiced SCIDs in proportion to the largest of the following five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) for each Default-Invoiced SCID over the applicable Default Look-Back Periods:
- (1) Cleared Day-Ahead Schedules to supply Energy, plus Day-Ahead Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus scheduled supply obligation for Ancillary Services (including imports but excluding RUC Schedules), plus Virtual Supply Awards;
 - (2) Metered Generation, plus Real-Time Interchange Import Schedules, plus Real-Time Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus FMM Ancillary Services Awards and qualified Self-Provided Ancillary Services, plus Real-Time supply obligation for Ancillary Services;
 - (3) Cleared Day-Ahead Schedules for Demand (including Demand served by Pumped-Storage Hydro Units and exports) multiplied by one-hundred three (103) percent to reflect Transmission Losses, plus scheduled demand obligation for

Ancillary Services, plus Virtual Demand Awards;

- (4) Metered Load multiplied by one-hundred three (103) percent to reflect Transmission Losses, plus Real-Time Interchange Export Schedules, plus Real-Time demand obligation for Ancillary Services; or
- (5) The greater of (A) the quantity of CRRs acquired in CRR Auctions or transferred through the Secondary Registration System (excluding CRRs acquired in CRR Allocations) or (B) Inter-SC Trades of Energy.

For Market Participants subject to Default Election option 1, each of the five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) will be calculated on an SCID-by-SCID basis. For Market Participants that are eligible for and have chosen Default Election option 2, each of the five (5) amounts calculated in MWh for every month in each applicable calendar quarter (and averaged within such calendar quarter) will be calculated by consolidating all of the data for the applicable SCIDs.

11.29.17.2.2 ~~[Not Used]Interim De Minimis Allocation~~

~~During the time period from the effective date of this Section 11.29.17.2.2 until April 1, 2011, each payment default amount allocated to CAISO Creditors through a shortfall allocation pursuant to Section 11.29.17.1 that is equal to or less than \$1,000 multiplied by the total number of SCIDs that have recorded market activity in the most recent Trading Month will be allocated on the next practicable Invoices among all such SCIDs so that an equal share of the payment default amount is allocated to each applicable SCID excluding the CAISO Debtor that has not paid the payment default amount. Notwithstanding the foregoing, if allocation of a payment default amount to any SCID under this Section 11.29.17.2.2 would result in any entity: (i) being allocated more than a \$1,000 share of a payment default amount per applicable SCID or (ii) being allocated cumulative shares of payment default amounts that equal more than \$1,000 per applicable SCID, the CAISO will instead allocate the payment default amount pursuant to Section 11.29.17.2.1.~~

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11.29.17.2.4 Default Election

- (a) Each Market Participant that is a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO will make an election of either option 1 or option 2 under this Section 11.29.17.2.4, which will be the Market Participant's Default Election until such time as a subsequent change by the Market Participant of its Default Election from option 1 to option 2 (or vice versa) goes into effect. Each Market Participant that is a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO shall make only a single Default Election regardless of whether that Market Participant has multiple effective contracts with the CAISO that cause the entity to be a Market Participant. For example, an entity that has signed a Scheduling Coordinator Agreement and a CRR Entity Agreement shall only make a single Default Election.
- (i) Option 1: For such Market Participants that choose Default Election option 1, the methodology for allocating payment default amounts set forth in Section 11.29.17.2.1 will apply to each SCID of such Market Participant on an SCID-by-SCID basis, and each SCID of such Market Participant will be a Default-Invoiced SCID.
- (ii) Option 2: In order to qualify for Default Election option 2, all of the SCIDs of a Market Participant with one or more effective contracts with the CAISO must certify that they meet one of the following criteria, and the entity must agree that the methodology for allocating payment default amounts set forth in Section 11.29.17.2.1 will apply to all SCIDs created for use under all of the effective contracts with the CAISO based on a consolidation of data for all such SCIDs:
- (1) All of the SCIDs are associated with Affiliates or business units under common control where one or more of the Affiliates or business units or a related business entity has more than fifty (50) percent control of the Affiliates or business units, either directly or through one or more intermediaries;
 - (2) All of the SCIDs are associated with a Joint Powers Authority; or

- (3) All of the SCIDS are associated with a municipal utility or state or federal agency.

Each Market Participant that chooses Default Election option 2 will at the same time select a single SCID to be the sole Default-Invoiced SCID under option 2. This Default-Invoiced SCID will receive Invoices containing payment default amounts allocated on behalf of all of the SCIDs under all contracts between the entity and the CAISO. Allocation of payment default amounts for entities choosing Default Election option 2 will be based on consolidated data from all of the entity's SCIDs. The selection of a single SCID as the sole Default-Invoiced SCID will not in any way relieve any Market Participant subject to Default Election option 2 of any obligation to pay Invoices, including in the event of a default by the Default-Invoiced SCID on a default payment obligation, in which case the CAISO will be entitled to utilize all available Financial Security provided by any defaulting Market Participant subject to Default Election option 2.

- (b) [Not Used]

~~By October 15, 2010, Market Participants will inform the CAISO in writing of their initial Default Elections for the period from March 31, 2009 through December 31, 2011. Within five (5) Business Days after FERC issues an order accepting the settlement agreement filed in FERC Docket No. EL09-62, Market Participants will inform the CAISO in writing of any changes to their initial Default Elections for the period from March 31, 2009 through December 31, 2011. If Market Participants that have made initial Default Elections fail to timely inform the CAISO in writing of changes to their initial Default Elections, the Market Participants will be deemed to have chosen their initial Default Elections as their Default Elections for the period from March 31, 2009 through December 31, 2011.~~

- (c) ~~Starting on October 1, 2011,~~ Market Participants may ~~subsequently~~ change their Default Elections by October 1 of each calendar year by notifying the CAISO, to become effective on January 1 of the next calendar year. Market Participants that do not change their Default Elections by that date will be deemed to have chosen to continue their current

Default Elections.

- (d) Each entity that becomes a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO after one of the dates set forth in Section 11.29.17.2.4(a), -(b), or -(c) will make its Default Election prior to engaging in any transactions in the CAISO Markets. The Default Election of each such entity will remain in effect until the entity makes another Default Election pursuant to this Section 11.29.17.2.4. However, any Market Participant that has already made a Default Election will not be eligible to change its Default Election as a result of its subsequently also becoming a Scheduling Coordinator, a CRR Holder, a Candidate CRR Holder, or a PTO.
- (e) Market Participants that do not timely inform the CAISO of their initial Default Elections will be deemed to have chosen Default Election option 1.

11.29.17.2.5 Effect of Change in Default Election

~~Starting with the Default Elections due by October 1, 2011, E~~Each time that a Market Participant changes its Default Election pursuant to Section 11.29.17.2.4 from option 1 to option 2 (or vice versa), the following provisions will apply:

- (a) For the first quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first three (3) full calendar quarters of data within the Default Look-Back Period and application of the new election to the most recent full calendar quarter of data within the Default Look-Back Period.
- (b) For the second quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first two (2) full calendar quarters of data within the Default Look-Back Period and application of the new election to the most recent two (2) full calendar quarters of data within the Default Look-Back Period.
- (c) For the third quarter of the calendar year after the change in Default Election goes into

effect, the new Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the prior election to the first full calendar quarter of data within the Default Look-Back Period and application of the new election to the most recent three (3) full calendar quarters of data within the Default Look-Back Period.

- (d) For the fourth quarter of the calendar year after the change in Default Election goes into effect, the Default-Invoiced SCID(s) will be allocated shares of payment default amounts calculated pursuant to Section 11.29.17.2.1 based on application of the new election to the entire Default Look-Back Period.

11.29.17.2.6 Default Look-Back Period

- ~~(a) For each payment default that occurs any time prior to March 31, 2011, the Default Look-Back Period will be the most recent two (2) full calendar quarters for which T+55B data are available. In no event will the CAISO consider settlement data for transactions occurring prior to March 31, 2009.~~
- ~~(b) For each payment default that occurs in the second calendar quarter of 2011, the Default Look-Back Period will be the most recent two (2) full calendar quarters for which T+55B data are available (i.e., the third and fourth calendar quarters of 2010).~~
- ~~(c) For each payment default that occurs in the third calendar quarter of 2011, the Default Look-Back Period will be the most recent three (3) full calendar quarters for which T+55B data are available (i.e., the third and fourth calendar quarters of 2010 and the first calendar quarter of 2011).~~
- ~~(d) For each payment default that occurs in the fourth calendar quarter of 2011 or in any subsequent calendar quarter in which Section 11.29.17.2.1 is in effect, the Default Look-Back Period will be the most recent four (4) full calendar quarters for which T+55B data are available.~~
- ~~(e) Notwithstanding any other provision in this Section 11.29.17.2.6, the following~~
provisions will apply to each Default-Invoiced SCID for an entity that is a new Market Participant that begins to participate in the CAISO Markets following the effective date of

this Section 11.29.17.2.6:

- (i) The Default-Invoiced SCID for that Market Participant will first be subject to allocation of payment default amounts under Section 11.29.17.2.1 in the second calendar quarter following the calendar quarter in which the Market Participant begins to participate in the CAISO Markets and the applicable Default Look-Back Period will be the calendar quarter in which the Market Participant began to participate in the CAISO Markets.
- (ii) For each payment default that occurs in the third calendar quarter following the calendar quarter in which the Market Participant begins to participate in the CAISO Markets, the applicable Default Look-Back Period will be the Market Participant's first two (2) calendar quarters of participation in the CAISO Markets.
- (iii) For each payment default that occurs in the fourth calendar quarter following the calendar quarter in which the Market Participant begins to participate in the CAISO Markets, the applicable Default Look-Back Period will be the Market Participant's first three (3) calendar quarters of participation in the CAISO Markets.
- (iv) For each payment default that occurs in any subsequent calendar quarter in which Section 11.29.17.2.1 is in effect, the applicable Default Look-Back Period will be ~~determined the most recent four (4) full calendar quarters for which T+70B data are available as set forth in Section 11.29.17.2.6(d).~~

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11.29.17.3 Payment of Default Receivables

Collections of defaulted receivables (other than Interest) will either be distributed *pro rata* to CAISO Creditors for the ~~month~~ Payment Advices that were subject to default or, if the defaulted receivables are allocated pursuant to Section 11.29.17.2, collections of the defaulted receivables will be distributed to Default-Invoiced SCIDs in proportion to their allocated shares of the defaulted receivables as calculated

pursuant to Section 11.29.17.2.1 ~~or to SCIDs in proportion to their allocated shares of the defaulted receivables as calculated pursuant to Section 11.29.17.2.2, as applicable,~~ for the month Payment Advice ~~ion~~ on which the payment default occurred.

- (1) If the total collected in that closing related to the past due ~~Trading Month Payment Advice~~ is less than \$5,000, then the funds shall accumulate in an interest-bearing account until either: (a) the account exceeds \$5,000, (b) there have been no distributions from the account for six months, or (c) all defaults for that month have been collected exclusive of any bankruptcy defaults.
- (2) If all CAISO Creditors for that Trading Month Payment Advice have been paid, then the proceeds will either be paid *pro rata* to the CAISO Creditors in the oldest unpaid ~~Trading Month Payment Advice~~, or, if the defaulted receivables are allocated pursuant to Section 11.29.17.2, the proceeds will be paid to the Default-Invoiced SCIDs in proportion to their allocated shares of the default amount, as calculated pursuant to Section 11.29.17.2.1 ~~or will be paid to the SCIDs in proportion to their allocated shares of the default amount as calculated pursuant to Section 11.29.17.2.2, as applicable,~~ in the oldest unpaid Trading Month Payment Advice.
- (3) This provision is also applicable to the amounts netted against CAISO Creditor balances related to prior defaulted receivables.
- (4) All defaulted receivables disbursed under this Section shall be disbursed in accordance with the timeframes set forth in Section 11.29.9.6.1.

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11.29.23 Communications

The Initial Settlement Statement T+~~93~~93B, 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 CAISO Payments Calendar

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+~~93~~B 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+~~1270~~B; ~~T+55B~~, T+~~911~~M, T+~~218~~M, ~~T+33M~~, and T+~~3624~~M, 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 Initial Settlement Statements T+9B, Recalculation Settlement Statements T+~~1270~~B, ~~T+55B~~, T+~~911~~M, ~~T+18M~~ and T+~~3321~~M;
- (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 the CAISO Clearing Account will remit payments to the CAISO Creditors of amounts owing to them for that Trading Day; and

- (g) In relation to RMR Charges and RMR compensation, the details are set out in Sections 11.13 and 41 and Appendix H for Legacy RMR Units.

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 that 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 31 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 January 1 to December 31 in the next succeeding year (both dates inclusive), the dates that Settlement Statements will be published by the CAISO and the Payment Dates that the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

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13.1.4 Disputes Arising Under Section 11

In the case of a dispute of a Settlement Statement under section ~~11.29.8.2 or 11.29.7.411.29.8.4.2, 11.29.8.4.4, 11.29.8.4.5, 11.29.8.4.6, or 11.29.8.4.8~~, a Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO must initiate any good faith negotiation or other dispute resolution remedy under this Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under such section.

* * * * *

37.5.2.1 Expected Conduct

Scheduling Coordinators representing Scheduling Coordinator Metered Entities shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than ~~fifty-two~~~~forty-eight~~ (4852) Business Days after the Trading Day (T+~~52~~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+~~5248B~~ 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 ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~4852B~~) 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.

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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 ~~an Initial Settlement Statement T+9B—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 ~~fifty-twoforty-eight~~ (4852) Business Days after the Trading Day (T+~~4852B~~) 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 by the Meter Data Resubmittal Deadline of T+214B~~ for Recalculation Settlement Statement T+~~911M~~. 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+~~5248B~~ 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 ~~by the Meter Data Resubmittal Deadline of T+214B during the period specified in Section 10.3.6.4~~ for Recalculation Settlement Statement T+~~119M~~, 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+~~5248~~B 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.

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43A.5.4 Individualized Non-Availability Charges And Availability Incentive —Payments

The provisions of Section 40.9 applicable to Resource Adequacy Resources apply to CPM Capacity. Capacity accepting a designation as CPM Capacity will face a resource-specific Availability Incentive Mechanism Price under section 40.9.6. The resource-specific price will be the higher of: (a) the price that the resource was paid by the CAISO (\$/kW-month) as a result of receiving the designation; and (b) the RA Availability Incentive Mechanism rate. Availability Incentive Mechanism payments to a resource designated under the CPM will be capped at the general Availability Incentive Mechanism rate. For a resource requesting a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use that resource-specific CPM capacity price for calculating the Availability Incentive Mechanism only if that resource-specific CPM capacity price has been approved in time for inclusion on the Recalculation Settlement Statement T+~~7055~~B. Otherwise, for resources that have sought a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use the CPM Soft Offer Cap price for calculating the Availability Incentive Mechanism price.

Appendix A - Definitions

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- CAISO Estimated Settlement Quality Metered Data

Settlement Quality Meter Data estimated by the CAISO in accordance with Sections 10.3.6.2 and 11.29.7.1.144-4.5.

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- ~~Incremental Change~~[Not Used]

~~The change in dollar value of a specific Charge Code from the Recalculation Settlement Statement T+12B or T+55B to a subsequent Recalculation Settlement Statement including any new Charge Codes or Trading Day charges appearing for the first time on a Settlement Statement.~~

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- Initial Settlement Statement T+9B

A Settlement Statement generated by the CAISO for the calculation of Settlements for a given Trading Day, which is scheduled to publish on the ninth Business Day from the relevant Trading Day (T+9B) and is prior to the Invoice or Payment Advice published for the relevant bill period.

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- 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+~~7042~~B, Recalculation Settlement Statement T+~~55B~~11M, ~~the~~ Recalculation Settlement Statement T+219M, ~~the~~ Recalculation Settlement Statement T+2448M, any Recalculation Settlement Statement issued pursuant to Section 11.29.7.4.1, ~~the Recalculation Settlement Statement T+33M, the Recalculation Settlement Statement T+36M~~ or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.

- Recalculation Settlement Statement T+70B

The reissue of an Initial Settlement Statement T+9B by the CAISO scheduled on the seventieth (70th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+11M

The reissue of Recalculation Settlement Statement T+70B by the CAISO approximately eleven (11) calendar months after the Trading Day (T+11M) scheduled on the two hundred thirty-fourth (234th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+21M

The reissue of Recalculation Settlement Statement T+70B, Recalculation Settlement Statement T+11M, or an Unscheduled Reissue Recalculation Settlement Statement by the CAISO approximately twenty-one (21) calendar months after the Trading Day (T+21M) scheduled on the four hundred forty-sixth (446th) Business Day from the relevant Trading Day.

- Recalculation Settlement Statement T+24M

The reissue of a Recalculation Settlement Statement T+70B, Recalculation Settlement Statement T+11M, or Recalculation Settlement Statement T+21M by the CAISO approximately twenty-four (24) calendar months after the Trading Day (T+24M) scheduled on the five hundred-twelfth (512th) Business Day from the relevant Trading Day (T+24M).