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August 24, 2007

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

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER07-805-___**

**CAISO-WECC Billing Services Agreement
Docket No. ER07-___-000**

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO")¹ submits an original and five copies of the instant filing in compliance with the Commission's "Order Conditionally Accepting NERC/WECC Charge Invoicing Amendment," 119 FERC ¶ 61,316, issued on June 25, 2007, in the captioned proceeding ("June 25 Order"). In addition, as explained further below, to the extent that the Commission determines that any portion of the instant filing constitutes a submittal made pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the CAISO requests that the Commission approve that portion of the filing pursuant to Section 205 of the FPA. In the instant filing, the CAISO is also submitting, pursuant to Section 205 of the FPA, the related Billing Services Agreement between the CAISO and the Western Electricity Coordinating Council ("WECC").

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

I. Changes Required by the June 25 Order

A. Process for Invoicing NERC/WECC Charges

1. Background

This proceeding concerns an amendment to the ISO Tariff ("NERC/WECC Charge Amendment") filed by the CAISO to provide for the CAISO's invoicing of NERC/WECC Charges assessed by the WECC to the CAISO on behalf of load-serving entities in the CAISO's Control Area. The NERC/WECC Charges provide funding for the functions performed pursuant to Section 215 of the FPA² by the North American Electric Reliability Corporation ("NERC"), the WECC, and Regional Advisory Bodies.³ In the NERC/WECC Charge Amendment, the CAISO proposed to calculate NERC/WECC Charges for a given NERC/WECC Charge Assessment Year based on NERC/WECC Metered Demand from two years earlier, consistent with previous Commission approval of that methodology and with WECC practice, and to invoice NERC/WECC Charges to Scheduling Coordinators ("SCs"). The CAISO proposed the following three approaches and schedules for invoicing NERC/WECC Charges to SCs:

- For the 2007 NERC/WECC Charge Assessment Year, the CAISO proposed to invoice NERC/WECC Charges to each SC on an annual basis using only a single final invoice.
- For the 2008 NERC/WECC Charge Assessment Year, the CAISO proposed to invoice NERC/WECC Charges to each SC using a single annual preliminary invoice and a final annual (true-up) invoice.
- For the 2009 NERC/WECC Charge Assessment Year and beyond, the CAISO proposed to invoice NERC/WECC Charges to each SC using quarterly preliminary invoices and a single final annual (true-up) invoice.⁴ Specifically, the CAISO proposed that the first quarterly preliminary invoices would be issued in July of the year two years prior to the NERC/WECC Charge Assessment Year and the fourth quarterly

² Section 215 of the FPA, to be codified at 16 U.S.C. § 824o, which was added to the FPA by the Energy Policy Act of 2005, Pub. L. No. 109-58, Title XII, Subtitle A, 119 Stat. 594, 941 (2005).

³ The term Regional Advisory Body is defined in Section 39.1 of the Commission's regulations, 18 C.F.R. § 39.1.

⁴ See Transmittal Letter for NERC/WECC Charge Amendment at 4, 9-10.

preliminary invoice would be issued in April of the year one year prior to the NERC/WECC Charge Assessment Year.⁵

In the June 25 Order, the Commission found that the CAISO's proposal to assess yearly NERC/WECC Charges based on NERC/WECC Metered Demand from two years earlier was consistent with previous Commission approval of that methodology and with the WECC's means of calculating its membership dues, and therefore the Commission accepted this proposal.⁶ However, the Commission required the CAISO to modify the definition of NERC/WECC Metered Demand as described in Section I.B, below.⁷ The Commission also accepted the CAISO's proposals concerning the 2007 and 2008 NERC/WECC Charge Assessment Years, but directed the CAISO to modify the process for 2009 and beyond so that the CAISO would not issue quarterly preliminary invoices until January of one year prior to the NERC/WECC Charge Assessment Year, at the earliest.⁸ Further, the Commission directed the CAISO to extend the period following notification of each SC of its NERC/WECC Metered Demand for protests concerning the CAISO's determination of the SC's NERC/WECC Metered Demand from 20 days in 2007 and 30 days in 2008 and beyond to 60 days for all years.⁹ Finally, the Commission directed the CAISO to revise its procedures to include a specific date for the transfer to the WECC of the NERC/WECC Charges the CAISO has collected so as to ensure that the WECC can forward the payments to NERC by January 2 of each year.¹⁰

On July 25, 2007, the CAISO filed a request for clarification or, in the alternative, rehearing ("Clarification/Rehearing Request") concerning the directives in the June 25 Order on the process for invoicing NERC/WECC Charges for years after 2007. The CAISO explained in the Clarification/Rehearing Request that these directives collectively undermined the basic premise for the CAISO's proposal for quarterly preliminary invoicing of NERC/WECC Charges for 2009 and beyond and eliminated any benefits from the proposal. As the CAISO stated, the reason for its proposed invoicing schedule was to allocate costs consistent with the Commission-approved methodology as soon as possible after the CAISO has calculated NERC/WECC Metered Demand for the applicable period. The CAISO explained that the

⁵ See Section 11.2.19.4 of the ISO Tariff.

⁶ June 25 Order at P 11.

⁷ See *id.* at PP 23-25.

⁸ *Id.* at P 38.

⁹ *Id.* at P 47.

¹⁰ *Id.* at P 36.

directives in the June 25 Order were inconsistent with the CAISO's objectives in proposing the preliminary invoice approach: allocating projected NERC/WECC Charges to SCs as soon as possible after the transactions which are the basis for the WECC's allocation of NERC/WECC Charges and minimizing, to the extent possible, the potential that the SCs representing certain NERC/WECC Metered Demand might no longer be active in the CAISO markets at the time the CAISO allocated NERC/WECC Charges.

The CAISO went on to explain in the Clarification/Rehearing Request that, because the directives in the June 25 Order eliminated the benefits of the CAISO's proposed preliminary and final invoice approach for the years 2008 and beyond, adhering to a quarterly invoicing approach no longer served any purpose. The CAISO also stated that, in light of the process and timeline changes required in the June 25 Order, it was more appropriate to invoice all NERC/WECC Charges in a simpler manner than was proposed in the NERC/WECC Charge Amendment. In particular, the CAISO stressed that issuing preliminary invoices for 2008 and quarterly preliminary invoices for 2009 and beyond did not make sense administratively given that the CAISO would be compelled to issue final invoices immediately on the heels of the last preliminary quarterly invoices. The CAISO provided timelines demonstrating that this would occur, and explained that requiring a preliminary invoicing process and a nearly simultaneous final invoicing process would be inefficient and administratively burdensome not only for the CAISO but also for SCs, because they would have to process and make two payments to the CAISO on the same matter within a short period of time. The CAISO argued that the better approach was for the CAISO to issue final invoices only, and for SCs to make only one payment to the CAISO. This approach would be consistent with the Commission's position that "the billing schedule should not require payments to be remitted to the ISO well before they are necessary to reimburse NERC and WECC."¹¹ Even the revised quarterly billing schedule which would be necessary to comply with all of the directives of the June 25 Order would require SCs to make payments to the CAISO well in advance of when the CAISO would remit the payments to the WECC, *i.e.*, by January 2 of each year. On the other hand, a process where the CAISO issues only a single, final invoice to each SC each year would be more consistent with the objective that payments not be made well in advance of the date NERC/WECC Charges are due to the WECC.

Thus, in its Clarification/Rehearing Request, the CAISO demonstrated that it would be more efficient and less administratively burdensome for the CAISO and for SCs – and more consistent with the Commission's stated policy regarding the timing of the collection and remittance of charges – if the CAISO were to invoice NERC/WECC Charges to SCs annually for all years, using final

¹¹ *Id.* at P 38.

invoices only. This approach would constitute a just and reasonable means of modifying the CAISO's NERC/WECC Charge methodology to comply with the directives in the June 25 Order. The CAISO noted that, in approving the CAISO's proposal concerning invoicing for the 2007 NERC/WECC Charge Assessment Year, the Commission has already found that it is just and reasonable for the CAISO to invoice NERC/WECC Charges on an annual basis using only final invoices. Therefore, in light of the directives in the June 25 Order, the CAISO argued that it would be more appropriate and beneficial to SCs to implement a comparable single-invoice methodology for the years 2008 and thereafter. The CAISO stated that issuing only final invoices will also be administratively simpler for SCs and less costly for the CAISO than issuing both preliminary and final invoices. Moreover, Commission approval of the CAISO's revised proposal will allow SCs to postpone paying NERC/WECC Charges until after they have received their final invoices, rather than requiring them to make periodic payments in advance based on preliminary invoices.

In the Clarification/Rehearing Request, the CAISO stated that it planned to include the revised processes described above for invoicing NERC/WECC Charges in the compliance filing required by the June 25 Order. The CAISO requested clarification that the proposed adoption of a single, final invoice for NERC/WECC Charges is an appropriate approach to comply with the Commission's Order. Alternatively, the CAISO requested that the Commission grant rehearing and direct the CAISO to invoice NERC/WECC Charges on an annual basis, using a single, final invoice, for the year 2008 and thereafter.

On July 20, 2007 (five days prior to the submission of the Clarification/Rehearing Request), the CAISO issued a market notice stating that, in light of the directives in the June 25 Order, the CAISO would propose to the Commission that the CAISO invoice NERC/WECC Charges to SCs annually for all years, using final invoices only. The market notice also provided a proposed schedule for the invoicing of NERC/WECC Charges for 2007, 2008, and 2009, and stated that the CAISO would hold a conference call on August 8, 2007, to discuss the proposed change in invoicing.¹² Representatives of twelve Market Participants took part in the conference call on August 8. The Market Participants asked a handful of questions regarding the CAISO's proposal and did not raise any substantive concerns about the proposal.

On July 25, 2007, the CAISO issued a market notice that, *inter alia*, provided the CAISO's revised calculation of total NERC/WECC Metered Demand for 2005, consistent with the directives in the June 25 Order to modify the definition of NERC/WECC Metered Demand, and stated that the CAISO would

¹² A copy of the July 20, 2007, market notice is provided in Attachment C to the instant filing.

notify each SC in writing of its revised NERC/WECC Metered Demand for 2005 by July 27, 2007.¹³ The CAISO provided SCs with this notification in writing.

In late July 2007, the WECC informed the CAISO that the WECC was seeking expedited payment of NERC/WECC Charges that were invoiced to the CAISO for 2007, in order to permit the WECC to fully fund its continued operations. Subsequently, the WECC reached agreements with Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and San Diego Gas & Electric Company ("SDG&E"), pursuant to which PG&E, SCE, and SDG&E agreed to pay NERC/WECC Charges for 2007 to the WECC directly, provided that the amounts they pay will be offset against the amounts of NERC/WECC Charges for 2007 invoiced to them by the CAISO. On August 10, 2007, the WECC issued a revised invoice to the CAISO for NERC/WECC Charges for 2007 that deducted the amounts that the WECC invoiced to PG&E, SCE, and SDG&E pursuant to these agreements. The CAISO will invoice SCs for NERC/WECC Charges for 2007 consistent with the WECC's revised invoice.

2. Proposed Changes

The CAISO has modified Section 11.2.19.2 of the ISO Tariff to update the process for invoicing NERC/WECC Charges assessed for 2007. As described above, in June 2007 the CAISO provided to SCs its calculation of the SCs' NERC/WECC Metered Demand for 2005. In response to the directives in the June 25 Order to modify the definition of NERC/WECC Metered Demand, the CAISO provided its revised calculation of SCs' NERC/WECC Metered Demand for 2005 in July 2007. Because the CAISO provided its revised calculation after the June 25 Order was issued (as a result of Commission-ordered changes to the calculation of NERC/WECC Metered Demand), the CAISO proposes to delete the provision in Section 11.2.19.2(a) stating that the CAISO will issue a market notice and will notify each SC in writing of its NERC/WECC Metered Demand for 2005 *prior to* the date that the Commission issues an order accepting the NERC/WECC Charge Amendment.¹⁴ Further, in light of the agreements stating that PG&E, SCE, and SDG&E will pay NERC/WECC Charges for 2007 to the WECC directly and to reflect the fact that the amounts they pay will be offset against the amounts of NERC/WECC Charges invoiced to

¹³ A copy of the July 25, 2007, market notice is provided in Attachment C to the instant filing.

¹⁴ The CAISO did comply with this tariff requirement by issuing a market notice pursuant to Section 11.2.19.2(a) on June 1, 2007 (*i.e.*, prior to issuance of the June 25 Order) and subsequently providing notification in writing to each SC pursuant to that market notice. However, as described in Section I.A.1, above, in July 2007, the CAISO issued a market notice and then provided notification in writing to SCs in compliance with the directives in the June 25 Order. Due to being in compliance with the June 25 Order, the July 2007 market notice and notification superseded the June 2007 market notice and notification.

them by the CAISO for 2007, the CAISO proposes to add language to Section 11.2.19.2(c) of the ISO Tariff stating that the CAISO will deduct from the NERC/WECC Charges for the 2007 WECC assessment any amounts that Scheduling Coordinators have already paid directly to the WECC for 2007 NERC/WECC Charges as reported to the CAISO by the WECC.

In order to implement the use of a single, final invoice for the year 2008 and thereafter, as discussed in the Clarification/Rehearing Request, the CAISO has modified Section 11.2.19.3 of the ISO Tariff to update the process for invoicing NERC/WECC Charges assessed for years after 2007. The CAISO has also deleted Section 11.2.19.4 of the ISO Tariff, which described the process for invoicing NERC/WECC Charges assessed for years after 2008 using preliminary and final invoices. (Due to the deletion of Section 11.2.19.4, the CAISO has renumbered the subsequent sections of the ISO Tariff.) In addition, the CAISO has changed the defined term "Final NERC/WECC Charge Invoice" to "NERC/WECC Charge Invoice," changed the defined term "Final NERC/WECC Charge Rate" to "NERC/WECC Charge Rate," and deleted the defined terms "Preliminary NERC/WECC Charge Invoice" and "Preliminary NERC/WECC Charge Rate," to accommodate the use of a single, final invoice and the elimination of the use of preliminary invoices. Also, the CAISO has made changes throughout Section 11.2.19 to conform the provisions of Section 11.2.19 with these changes to defined terms.

The CAISO has modified Sections 11.2.19.2(a) and 11.2.19.3(a) to comply with the directive in the June 25 Order to extend the period following notification to each SC of its NERC/WECC Metered Demand for protests concerning the CAISO's determination of the SC's NERC/WECC Metered Demand from 20 days in 2007 and 30 days in 2008 and thereafter to 60 days for all years.¹⁵

In order to comply with the Commission's directive that the CAISO transfer payments it has collected to the WECC in time to ensure that the WECC can forward the payments to NERC by January 2, the CAISO has made several modifications to the timeline for the invoicing and payment of NERC/WECC Charges. The CAISO has modified Section 11.2.19.3(c) (formerly Section 11.2.19.3(e)) to shorten the time period for the CAISO to issue a market notice setting forth the NERC/WECC Charge Rate from thirty (30) Calendar Days after the CAISO receives the final invoice from the WECC to five (5) Business Days after the CAISO receives that final invoice. The CAISO has also modified Section 11.2.19.3(d) (formerly Section 11.2.19.3(f)) to shorten the time period for the CAISO to issue NERC/WECC Charge Invoices from thirty (30) Calendar Days to fifteen (15) Business Days. Further, the CAISO has modified Section

¹⁵ See June 25 Order at P 47.

11.2.19.4 (formerly Section 11.2.19.5) of the ISO Tariff to shorten the time period for Scheduling Coordinators to make payments to the CAISO from thirty (30) Calendar Days to fifteen (15) Business Days.

These modifications are necessary in order to allow the CAISO to issue invoices, collect payments from Scheduling Coordinators, and forward those payments to the WECC in a timely manner. As the CAISO explained in the Clarification/Rehearing Request, the WECC is required to issue its final invoice to the CAISO by November 15 of each year,¹⁶ and the June 25 Order directed the CAISO to transfer to the WECC the NERC/WECC Charges the CAISO has collected so that the WECC can forward the payments to NERC by the following January 2.¹⁷ This is a significantly shorter time period than the CAISO envisioned when it was preparing the timeline for issuing invoices and collecting payments that was reflected in the NERC/WECC Charge Amendment as filed. Therefore, the CAISO must likewise shorten the timeline for both the issuance of invoices and the collection of payments.¹⁸

The CAISO has modified Section 11.2.19.7 (formerly Section 11.2.19.8) of the ISO Tariff to provide more specificity as to when the CAISO will provide NERC/WECC Charges the CAISO has collected to the WECC. With regard to NERC/WECC Charges assessed for 2007, the CAISO has added new Section 11.2.19.7(a) to state that the CAISO will forward to the WECC, within five (5) Business Days after the deadline for timely payments of NERC/WECC Charge Invoices pursuant to Section 11.2.19.2 has expired, (i) the amounts collected pursuant to NERC/WECC Charge Invoices for 2007 and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their

¹⁶ Clarification/Rehearing Request at 7. As the CAISO stated, the delegation agreement between NERC and the WECC ("NERC/WECC Delegation Agreement"), which the Commission conditionally accepted in *North American Electric Reliability Council, et al.*, 119 FERC ¶ 61,060 (2007), requires the WECC to issue a final invoice to the CAISO by November 15 of each year. NERC-WECC Delegation Agreement, Exhibit E, Section 3(1) ("WECC will send an annual invoice no later than November 15th of each year to each LSE or Balancing Authority"). The WECC noted this requirement in its comments in the instant proceeding (at 3).

¹⁷ June 25 Order at P 36.

¹⁸ The CAISO notes that, pursuant to the modified timeline described above, each Scheduling Coordinator will know both its NERC/WECC Metered Demand (as modified pursuant to the dispute process) and the NERC/WECC Charge Rate within three Business Days of the CAISO's receipt of the final invoice from the WECC. With this information in hand, each Scheduling Coordinator should be able to calculate the amount it will be invoiced. Since the CAISO will need a number of days after it receives the final invoice from the WECC to issue a NERC/WECC Charge Invoice to each Scheduling Coordinator, and the Scheduling Coordinator will then have fifteen Business Days in which to make payment, the Scheduling Coordinator will end up having significantly more than fifteen Business Days between when it first becomes aware of the amount it is required to pay and the payment due-date.

NERC/WECC Charge Invoices and the amounts that are unpaid. In order to comply with the directive in the June 25 Order that the CAISO must revise its procedures to include a specific date for the yearly transfer of collected funds to the WECC in time to allow the WECC to forward the payments to NERC by January 2 of each year, the CAISO has modified Section 11.2.19.2(b) (formerly Section 11.2.19.2(a)) to state that, for NERC/WECC Charges assessed for years after 2007, the CAISO will forward to the WECC, at least three (3) Business Days prior to January 2 of each NERC/WECC Charge Assessment Year, (i) the amounts collected pursuant to NERC/WECC Charge Invoices for the NERC WECC Charge Assessment Year and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.¹⁹

To the extent that the Commission determines that any of the changes to the ISO Tariff described above constitute revisions made pursuant to Section 205 of the FPA, the CAISO respectfully requests that the Commission approve those revisions pursuant to Section 205 of the FPA. All of the proposed provisions are just and reasonable for the reasons explained above.

B. Definition of NERC/WECC Metered Demand

In the June 25 Order, the Commission directed the CAISO to modify the definition of NERC/WECC Metered Demand to: (1) clarify that the definition includes the concept of netting energy delivered to and received from other balancing authority areas through interchange; (2) clarify that all pumped storage load is excluded from the calculation of NERC/WECC Metered Demand; and (3) include Unaccounted For Energy in the definition.²⁰ The CAISO has modified the definition of NERC/WECC Metered Demand in accordance with these three Commission directives.

C. Interest Issues

The Commission found that it was premature for the CAISO to require SCs to pay interest if they do not make timely payment of the entire amounts due under their invoices for NERC/WECC Charges. Therefore, the Commission directed the CAISO to revise the ISO Tariff to remove the provisions that reflect the CAISO's proposal to collect interest from SCs that are late in making

¹⁹ See June 25 Order at P 36. These provisions in Section 11.2.19.7 only apply to NERC/WECC Charge Assessment Years after 2007 because it is not possible now for the CAISO to forward payment to the WECC by January 2 of the 2007 NERC/WECC Charge Assessment Year.

²⁰ June 25 Order at PP 23-25.

payment.²¹ The CAISO has removed these provisions, which were contained in Section 11.2.19.4 (formerly Section 11.2.19.5) of the ISO Tariff.

The Commission also directed the CAISO to “specify what interest rate it will use for the trust account where it places the preliminary charges.”²² As explained in Section I.A.2, above, the CAISO proposes to use only final invoices (and eliminate the use of preliminary invoices) and will immediately turn-around and remit any payment received from SCs to the WECC. Because there will not be any preliminary invoicing, there is no need for an interest-bearing account, and the CAISO has modified Section 11.2.19.5 (formerly 11.2.19.6) of the ISO Tariff accordingly.

D. Billing Services Agreement

The Commission directed the CAISO to file the Billing Services Agreement between the CAISO and WECC (“Billing Services Agreement”). The Commission also directed the CAISO and WECC to include appropriate safeguards in the Billing Services Agreement to ensure that the CAISO will not use its billing role under the Billing Services Agreement to unduly influence NERC’s decisions.²³ The CAISO has recently reached final agreement with WECC on the terms of the Billing Services Agreement, including terms that reflect the Commission’s directive in the June 25 Order. The executed Billing Services Agreement is provided in Attachment D to the instant filing, and includes the provisions required in the June 25 Order.

II. Materials Provided in the Instant Compliance Filing; Effective Date

In addition to this transmittal letter, the instant compliance filing includes Attachments A through D.

Attachment A contains clean ISO Tariff sheets reflecting all of the changes described above. The clean ISO Tariff sheets in Attachment A bear an effective date of June 27, 2007, which was the effective date approved by the Commission in the June 25 Order.²⁴ To the extent that the Commission finds that the provisions on any of the provisions in the instant filing are submitted pursuant to Section 205 of the FPA, the CAISO respectfully requests, pursuant to Section 35.11 of the Commission’s regulations, 18 C.F.R. § 35.11, that the Commission

²¹ *Id.* at P 51.

²² *Id.* at P 39.

²³ *Id.* at P 37.

²⁴ *Id.* at Ordering Paragraph (A).

accept these provisions effective as of June 27, 2007. Acceptance of these provisions as of June 27, 2007 will permit them to go into effect at the same time as the rest of the provisions in the ISO Tariff concerning the invoicing of NERC/WECC Charges. Granting the requested waiver, therefore, is appropriate.

Attachment B to the instant filing shows all of the changes described above in this transmittal letter in red-line format. Attachment C contains the July 20, 2007 and July 25, 2007 CAISO market notices described above. Attachment D contains the executed Billing Services Agreement.

The CAISO is serving this transmittal letter and all attachments on the California Public Utilities Commission, the California Energy Commission, the California Electricity Oversight Board, all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff and all parties in Docket No. ER07-805. In addition, the CAISO is posting this transmittal letter and all attachments on the CAISO Home Page.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning the filing, please contact the undersigned.

Respectfully submitted,

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ATTACHMENT A – Clean Sheets
NERC/WECC Compliance Filing – August 24, 2007
[Docket No. ER07-805]

NERC/WECC Charges it is invoiced by the ISO in accordance with this Section 11.2.19.

Each Scheduling Coordinator's responsibility for NERC/WECC Charges is based on the Scheduling Coordinator's NERC/WECC Metered Demand.

- (b) The ISO's calculation of collateral requirements and other credit requirements under the ISO Tariff will not include any adjustment for a Scheduling Coordinator's NERC/WECC Charges.

11.2.19.2 Process for Invoicing NERC/WECC Charges Assessed for 2007.

With regard to the NERC/WECC Charges assessed by the WECC for 2007, the following process shall apply:

- (a) The ISO will issue a market notice that will include the following: (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC and (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005.
- (b) The ISO will issue a market notice setting forth the NERC/WECC Charge Rate for the 2007 WECC assessment. The NERC/WECC Charge Rate for the 2007 WECC assessment shall be based on (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005, including any adjustments to the calculation of NERC/WECC Metered Demand for 2005 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.2(a).

- (c) Within thirty (30) Calendar Days after the ISO issues the market notice in Section 11.2.19 (b), the ISO will issue NERC/WECC Charge Invoices that allocate NERC/WECC Charges for 2007 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2005 multiplied by (ii) the NERC/WECC Charge Rate for the 2007 WECC assessment. The CAISO shall deduct from the NERC/WECC Charge Invoices for the 2007 WECC assessment any amounts that Scheduling Coordinators have already paid directly to the WECC for NERC/WECC Charges for 2007 as reported to the CAISO by the WECC.

11.2.19.3 Process for Invoicing NERC/WECC Charges Assessed for Years After 2007.

With regard to the NERC/WECC Charges to be assessed by the WECC for each NERC/WECC Charge Assessment Year after 2007, the following process shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. Each Scheduling Coordinator shall have sixty (60) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year.
- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year, including any adjustments to the calculation of NERC/WECC Metered Demand for that year made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.3(a). This report shall facilitate the WECC calculation of actual NERC/WECC Charges to be invoiced to the ISO for the NERC/WECC Charge Assessment Year.

- (c) Within five (5) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO shall issue a market notice setting forth the NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. The NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for the NERC/WECC Charge Assessment Year that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year, as reported to the WECC.
- (d) Within fifteen (15) Business Days after receipt of the WECC invoice to the ISO setting forth the assessment for NERC/WECC Charges for the NERC/WECC Charge Assessment Year, the ISO will issue NERC/WECC Charge Invoices that allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year, two years prior to the NERC/WECC Charge Assessment Year, multiplied by (ii) the NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.

11.2.19.4 Timely Payments.

Scheduling Coordinators shall make timely payments to the ISO pursuant to NERC/WECC Charge Invoices within fifteen (15) Business Days of issuance of such invoices.

11.2.19.5 NERC/WECC Charge Trust Account.

The ISO shall deposit all payments received pursuant to NERC/WECC Charge Invoices in the NERC/WECC Charge Trust Account. The NERC/WECC Charge Trust Account shall be separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time. The ISO shall disburse funds from the NERC/WECC Charge Trust Account in order to pay the WECC any and all NERC/WECC Charges invoiced to the ISO.

11.2.19.6 NERC/WECC Charge Invoices.

The ISO shall invoice NERC/WECC Charges to Scheduling Coordinators by issuing NERC/WECC Charge Invoices. The NERC/WECC Charge Invoices shall be issued in accordance with the schedules set forth in this Section 11.2.19, provided that the ISO may issue a market notice informing Scheduling Coordinators that the ISO will implement a temporary modification to that schedule and setting forth the reasons for such modification, in which case the modified schedule described in that market notice shall govern.

11.2.19.6.1 Confirmation.

It is the responsibility of each Scheduling Coordinator to notify the ISO if the Scheduling Coordinator fails to receive a NERC/WECC Charge Invoice in accordance with the applicable schedule. Each Scheduling Coordinator shall be deemed to have received its NERC/WECC Charge Invoice on the date specified in the applicable schedule, unless the Scheduling Coordinator notifies the ISO to the contrary.

11.2.19.6.2 Validation.

Each Scheduling Coordinator shall have the opportunity to review the terms of the NERC/WECC Charge Invoices that it receives. The Scheduling Coordinator shall be deemed to have validated each NERC/WECC Charge Invoice unless it has raised a dispute within ten (10) Calendar Days from the date of issuance. Once validated, a NERC/WECC Charge Invoice shall be binding on the Scheduling Coordinator to which it relates.

11.2.19.6.3 Disputes and Dispute-Related Corrections.

Scheduling Coordinators shall be prohibited from disputing any NERC/WECC Charge Invoice, except on grounds that an error in a NERC/WECC Charge Invoice is due to a mere typographical or other ministerial error by the ISO. A Scheduling Coordinator that wishes to dispute a NERC/WECC Charge Invoice on such grounds shall give the ISO notice of dispute in writing within ten (10) Calendar Days of issuance. The notice of dispute shall state clearly the issue date of the NERC/WECC Charge Invoice, the item or calculation disputed, and the reasons for the dispute, and shall be accompanied by all available evidence reasonably required to support the claim. If the Scheduling Coordinator is correct that the NERC/WECC Charge Invoice contains a typographical or other ministerial error and the resolution of the dispute makes correction necessary, the ISO shall issue a corrected NERC/WECC Charge Invoice within fifteen (15) Calendar Days of issuance of the invoice that is being corrected.

Each Scheduling Coordinator that receives a NERC/WECC Charge Invoice shall pay any net debit and shall be entitled to receive any net credit in a NERC/WECC Charge Invoice on the Payment Date, regardless of whether there is any dispute regarding the amount of the debit or credit. The ISO will issue corrected NERC/WECC Charge Invoices if the resolution of a dispute concerning a NERC/WECC Charge Invoice, brought pursuant to this Section 11.2.19, makes such a correction necessary.

11.2.19.7 Provision of Payments and Information to the WECC.

- (a) With regard to NERC/WECC Charges assessed for 2007, the ISO will forward to the WECC, within five (5) Business Days after the deadline for timely payments of NERC/WECC Charge Invoices pursuant to Section 11.2.19.2 has expired, (i) the amounts collected pursuant to NERC/WECC Charge Invoices for 2007 and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- (b) With regard to NERC/WECC Charges assessed for years after 2007, the ISO will forward to the WECC, at least three (3) Business Days prior to January 2 of each NERC/WECC Charge Assessment Year, (i) the amounts collected pursuant to NERC/WECC Charge Invoices for the NERC/WECC Charge Assessment Year and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- (c) Under no circumstances shall the ISO be obligated to pay to the WECC, NERC or any regional advisory body, or to their successors or assignees, any NERC/WECC Charges or any interest charges related to NERC/WECC Charges except for those NERC/WECC Charges actually paid to the ISO by Scheduling Coordinators. The ISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to the WECC or NERC as provided for in the ISO Tariff. Notwithstanding the foregoing, the ISO shall have the right, at its sole discretion, to recoup, set off and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC Charges in accordance with Section 11.12.4.

- (d) The ISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the relevant NERC/WECC Charge Invoices, and other documentation on which the ISO's certificate was based to the WECC, NERC, and the applicable Scheduling Coordinators. An ISO certificate given under this Section 11.2.19.7(d) may be used as prima facie evidence of the amount due in any legal proceedings.

11.3 Billing and Payment Process.

The ISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for each Settlement Period of that Trading Day and shall arrive at a net amount payable for each

	modifications that will be required to provide needed services.
<u>Facility Study Agreement</u>	An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.
<u>Fed-Wire</u>	The Federal Reserve Transfer System for electronic funds transfer.
<u>FERC</u>	The Federal Energy Regulatory Commission or its successor.
<u>FERC Annual Charges</u>	Those charges assessed against a public utility by the FERC pursuant to 18 C.F.R. § 382.201 and any related statutes or regulations, as they may be amended from time to time.
<u>FERC Annual Charge Recovery Rate</u>	The rate to be paid by Scheduling Coordinators for recovery of FERC Annual Charges assessed against the ISO for transactions on the ISO Controlled Grid.
<u>FERC Annual Charge Trust Account</u>	An account to be established by the ISO for the purpose of maintaining funds collected from Scheduling Coordinators for FERC Annual Charges and disbursing such funds to the FERC.
<u>FERC Must-Offer Generator</u>	All entities defined by Section 40.7.1 of this ISO Tariff.
<u>Final Approval</u>	A statement of consent by the ISO Control Center to initiate a scheduled Outage.
<u>Final Day-Ahead Schedule</u>	The Day-Ahead Schedule which has been approved as feasible and consistent with all other Schedules by the ISO based upon the ISO's Day-Ahead Congestion Management procedures.
<u>Final Hour-Ahead Schedule</u>	The Hour-Ahead Schedule of Generation and Demand that has been approved by the ISO as feasible and consistent with all other Schedules based on the ISO's Hour-Ahead Congestion Management procedures.
<u>Final Invoice</u>	The invoice due from a RMR Owner to the ISO at termination of the RMR Contract.

Final Schedule

A Schedule developed by the ISO following receipt of a Revised
Schedule from a Scheduling Coordinator.

	the Internal Revenue Code of 1986 or the corresponding provisions of prior law without regard to the identity of the holder thereof. Municipal Tax Exempt Debt does not include Local Furnishing Bonds.
<u>Must-Offer Capacity</u>	The payment made in accordance with Section 43.14 of this ISO
<u>Payment</u>	Tariff.
<u>Nationally Recognized</u>	National credit rating agencies as designated by the U.S.
<u>Statistical Rating</u>	Securities & Exchange Commission.
<u>Organizations (NRSRO)</u>	
<u>Native Load</u>	Load required to be served by a utility within its Service Area pursuant to applicable law, franchise, or statute.
<u>NERC</u>	The North American Electric Reliability Corporation or its successor.
<u>NERC/WECC Charge</u>	A given year for which NERC/WECC Charges will be assessed
<u>Assessment Year</u>	by the WECC based on data from the calendar year two years prior to the year of the NERC/WECC Charge assessment.
<u>NERC/WECC</u>	An invoice issued by the ISO that reflects an allocation of
<u>Charge Invoice</u>	NERC/WECC Charges to a Scheduling Coordinator based on the NERC/WECC Charge Rate.
<u>NERC/WECC Charge Rate</u>	The rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the WECC invoice to the ISO for NERC/WECC Charges for a given year and on the NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year.
<u>NERC/WECC Charges</u>	The charges approved by FERC, pursuant to Section 215 of the FPA and FERC issuances related thereto, that provide funding for the statutory-related functions performed by NERC, the WECC, and regional advisory bodies that serve the WECC, or their successors or assignees.
<u>NERC/WECC Charge</u>	An account to be established by the ISO for the purpose of
<u>Trust Account</u>	maintaining funds collected from Scheduling Coordinators and disbursing such funds to the WECC.

**NERC/WECC Metered
Demand**

For purposes of calculating NERC/WECC Charges, a Scheduling Coordinator's net metered CAISO Demand plus Unaccounted for Energy for net metered CAISO Demand and Transmission Losses for metered CAISO Demand. A Scheduling Coordinator's net metered CAISO Demand equals the Scheduling Coordinator's metered CAISO Demand (which adds Energy associated with imports from and subtracts Energy associated with exports to other balancing authority areas), less metered CAISO Demand for Station Power and for Energy required for storage at electric energy storage facilities, such as pumped storage. For purposes of calculating NERC/WECC Metered Demand, Unaccounted for Energy and Transmission Losses allocable to net metered CAISO Demand will be allocated pro rata to each Scheduling Coordinator based on the Scheduling Coordinator's net metered CAISO Demand.

Net Assets (NA)

For governmental and not-for-profit entities, defined as total assets minus total liabilities.

Net FTR Revenue

The sum of: 1) the revenue received by the New Participating TO from the sale, auction, or other transfer of the FTRs provided to it pursuant to Section 36.4.3 FTR, or any substantively identical successor provision of the ISO Tariff; and 2) for each hour: a) the Usage Charge revenue received by the New Participating To associated with its Section 36.4.3 FTRs; minus b) Usage Charges that are: i) incurred by the Scheduling Coordinator for the New Participating TO under ISO Tariff Section 27.1.2.1.4 ii) associated with the New Participating TO's Section 36.4.3 FTRs, and iii) incurred by the New Participating TO for its energy transactions but not incurred as a result of the use of the transmission by a third-party and minus c) the charges paid by the New Participating TO pursuant to Section 27.1.2.1.7, to the extent such charges are incurred by the Scheduling Coordinator of the New Participating TO on Congested Inter-Zonal Interfaces that are associated with the Section 36.4.3 FTRs provided to the New Participating TO. The component of New FTR Revenue represented by item 2) immediately above shall not be less than zero for any hour.

Preferred Schedule

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

Preliminary Settlement Statement

The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.

Pre-RA Import Commitment

Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the ISO Control Area for the procurement of Energy or capacity from a resource or resources located outside the ISO Control Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity.

Pre-RA Import Commitment Capability

The quantity in MW assigned to a particular branch group into the ISO Control Area based on a Pre-RA Import Commitment.

ATTACHMENT B - Blacklines

NERC/WECC Compliance Filing – August 24, 2007

[Docket No. ER07-805]

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11.2.19.2 Process for Invoicing NERC/WECC Charges Assessed for 2007.

With regard to the NERC/WECC Charges assessed by the WECC for 2007, the following process shall apply:

- (a) The ISO will issue a market notice that will include the following: (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC and (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005. ~~The ISO will issue this market notice and will notify each Scheduling Coordinator in writing of its NERC/WECC Metered Demand for 2005 prior to the date that FERC issues an order accepting the amendment to the ISO Tariff proposing this Section 11.2.19.~~ Each Scheduling Coordinator shall have ~~twenty-sixty~~ (260) Calendar Days from the date the ISO provides it with this notification in writing ~~FERC issues an order accepting the amendment to the ISO Tariff proposing this Section 11.2.19~~ to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for 2005.
- (b) ~~After FERC issues an order accepting the amendment to the ISO Tariff proposing this Section 11.2.19,~~ The ISO will issue a market notice setting forth the Final NERC/WECC Charge Rate for the 2007 WECC assessment. ~~The Final~~ NERC/WECC Charge Rate for the 2007 WECC assessment shall be based on (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2005, including any adjustments to the calculation of NERC/WECC Metered Demand for 2005 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.2(a).
- (c) Within thirty (30) Calendar Days after the ISO issues the market notice in Section 11.2.19 (b), the ISO will issue ~~Final~~ NERC/WECC Charge Invoices that allocate NERC/WECC

Charges for 2007 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2005 multiplied by (ii) the ~~Final~~ NERC/WECC Charge Rate for the 2007 WECC assessment. The CAISO shall deduct from the NERC/WECC Charge Invoices for the 2007 WECC assessment any amounts that Scheduling Coordinators have already paid directly to the WECC for NERC/WECC Charges for 2007 as reported to the CAISO by the WECC.

11.2.19.3 Process for Invoicing NERC/WECC Charges Assessed for Years After 2007~~8~~.

With regard to the NERC/WECC Charges to be assessed by the WECC for each NERC/WECC Charge Assessment Year after 2007~~8~~, the following process shall apply:

- (a) The ISO will issue a market notice that will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year~~2006~~. On or after the date on which the ISO issues this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year~~2006~~. Each Scheduling Coordinator shall have ~~thirty-sixty~~ (360) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year~~2006~~.
- (b) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year~~2006~~, including any adjustments to the calculation of NERC/WECC Metered Demand for that year~~2006~~ made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.3(a). This report shall facilitate the WECC calculation of actual NERC/WECC Charges ~~for 2008~~ to be invoiced to the ISO for the NERC/WECC Charge Assessment Year.
- (c) ~~After FERC issues an order accepting the amendment to the ISO Tariff proposed in this Section 11.2.19, the ISO will issue a market notice setting forth the Preliminary~~

~~NERC/WECC Charge Rate for the 2008 WECC assessment. The Preliminary NERC/WECC Charge Rate for the 2008 WECC assessment shall be based on (i) the total NERC/WECC Charges for 2007 that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for 2006, including any adjustments to the calculation of NERC/WECC Metered Demand for 2006 made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.3(a).~~

~~(d) Within sixty (60) Calendar Days after FERC issues an order accepting the amendment to the ISO Tariff proposing this Section 11.2.19, the ISO will issue Preliminary NERC/WECC Charge Invoices that allocate NERC/WECC Charges for 2008 to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for 2006 multiplied by (ii) the Preliminary NERC/WECC Charge Rate for the 2008 WECC assessment.~~

~~(ce) Within thirty-five (305) Calendar Business Days after receipt of the WECC's invoice to the ISO setting forth the assessment for NERC/WECC Charges for the NERC/WECC Charge Assessment Year 2008, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for the 2008 NERC/WECC Charge aAssessment Year. The Final NERC/WECC Charge Rate for the 2008 NERC/WECC Charge aAssessment Year shall be based on (i) the total NERC/WECC Charges for the NERC/WECC Charge Assessment Year 2008 that were invoiced to the ISO by the WECC, divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year 2006, as reported to the WECC.~~

~~(df) Within thirty-fifteen (1530) Calendar Business Days after receipt of the WECC invoice to the ISO issues a market notice setting forth the assessment for Final NERC/WECC Charges Rate for the 2008 NERC/WECC Charge aAssessment Year, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year 2008 to Scheduling Coordinators based on (i)~~

each Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year, two years prior to the NERC/WECC Charge Assessment Year, 2006 multiplied by (ii) the Final NERC/WECC Charge Rate for the 2008 NERC/WECC Charge aAssessment Year. If and to the extent that a Scheduling Coordinator has not already paid all of the NERC/WECC Charges for 2008 that it is required to pay (attributing to such Scheduling Coordinator any interest earned on payments made by the Scheduling Coordinator pursuant to Preliminary NERC/WECC Charge Invoices), the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator is still required to pay. If and to the extent that a Scheduling Coordinator has already paid in excess of the NERC/WECC Charges for 2008 that the Scheduling Coordinator is required to pay (attributing to such Scheduling Coordinator any interest earned on payments made by the Scheduling Coordinator pursuant to Preliminary NERC/WECC Charge Invoices), the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator will be credited.

11.2.19.4 Process for Invoicing NERC/WECC Charges Assessed for Years After 2008

With regard to the NERC/WECC Charges to be assessed by the WECC for all years after 2008, the following process shall apply:

- (a) The ISO shall issue Preliminary NERC/WECC Charge Invoices for each year after 2008 on a quarterly basis. Because NERC/WECC Charges to be assessed by the WECC for a given year (the NERC/WECC Charge Assessment Year) are based on data from the calendar year two years prior to the NERC/WECC Charge Assessment Year, the ISO shall issue such quarterly Preliminary NERC/WECC Charge Invoices when data for the applicable calendar quarter is available.
- (b) Prior to the issuance of the first quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year, the ISO shall issue a market notice setting forth the Preliminary NERC/WECC Charge Rate for the applicable NERC/WECC Charge Assessment Year. The Preliminary NERC/WECC Charge Rate for the applicable

NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for the most recent year for which the ISO has received an invoice from the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the last full calendar year.

- (c) — Each quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year will be issued on the first Business Day of the month following the month on which Settlement Quality Meter Data for the applicable calendar quarter is available. Assuming all Settlement Quality Meter Data for a calendar quarter is available by the end of the third month following the quarter, the ISO will issue quarterly Preliminary NERC/WECC Charge Invoices pursuant to the following schedule:

First quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year	July of the year two years prior to the NERC/WECC Charge Assessment Year
Second quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year	October of the year two years prior to the NERC/WECC Charge Assessment Year
Third quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year	January of the year one year prior to the NERC/WECC Charge Assessment Year
Fourth quarterly Preliminary NERC/WECC Charge Invoice for a NERC/WECC Charge Assessment Year	April of the year one year prior to the NERC/WECC Charge Assessment Year

- (d) — Each quarterly Preliminary NERC/WECC Charge Invoice shall allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for the applicable calendar quarter multiplied by (ii) the Preliminary NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year.
- (e) — In May of the year one year prior to the NERC/WECC Charge Assessment Year, the ISO will issue a market notice. This market notice will include the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. On or after the date on which the ISO issues

~~this market notice, the ISO will notify each Scheduling Coordinator in writing of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year. Each Scheduling Coordinator shall have thirty (30) Calendar Days from the date the ISO provides it with this notification in writing to raise any disputes concerning the ISO's calculation of the Scheduling Coordinator's NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year.~~

~~(f) The ISO will report to the WECC the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the calendar year two years prior to the NERC/WECC Charge Assessment Year, including any adjustments to the calculation of NERC/WECC Metered Demand for that year made by the ISO in response to disputes raised by Scheduling Coordinators pursuant to Section 11.2.19.4(e). This report shall facilitate WECC's calculation of actual NERC/WECC Charges invoiced to the ISO for the NERC/WECC Charge Assessment Year.~~

~~(g) Within thirty (30) Calendar Days after receipt of WECC's invoice to the ISO setting forth the assessment for NERC/WECC Charges for a NERC/WECC Charge Assessment Year, the ISO shall issue a market notice setting forth the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. The Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year shall be based on (i) the total NERC/WECC Charges for the NERC/WECC Charge Assessment Year that were invoiced to the ISO by the WECC divided by (ii) the total of all Scheduling Coordinators' NERC/WECC Metered Demand for the year two years prior to the NERC/WECC Charge Assessment Year, as reported to the WECC.~~

~~(h) Within thirty (30) Calendar Days after the ISO issues a market notice setting forth the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year, the ISO will issue Final NERC/WECC Charge Invoices that allocate NERC/WECC Charges for the NERC/WECC Charge Assessment Year to Scheduling Coordinators based on (i) each Scheduling Coordinator's NERC/WECC Metered Demand for the year two years~~

~~prior to the NERC/WECC Charge Assessment Year multiplied by (ii) the Final NERC/WECC Charge Rate for the NERC/WECC Charge Assessment Year. If and to the extent that a Scheduling Coordinator has not already paid all of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that the Scheduling Coordinator is required to pay (attributing to such Scheduling Coordinator any interest earned on payments made by the Scheduling Coordinator pursuant to Preliminary NERC/WECC Charge Invoices), the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator is still required to pay. If and to the extent that a Scheduling Coordinator has already paid in excess of the NERC/WECC Charges for the NERC/WECC Charge Assessment Year that the Scheduling Coordinator is required to pay (attributing to such Scheduling Coordinator any interest earned on payments made by the Scheduling Coordinator pursuant to Preliminary NERC/WECC Charge Invoices), the Scheduling Coordinator's Final NERC/WECC Charge Invoice will show the amount the Scheduling Coordinator will be credited.~~

11.2.19.45 Timely Payments and Interest on Late Payments

~~Scheduling Coordinators shall make timely payments to the ISO pursuant to Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices within thirty-fifteen (30/15) Calendar Business Days of issuance of such invoices. Scheduling Coordinators which do not make timely payment of the entire amount due under Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices within thirty (30) Calendar Days of issuance of such invoices shall pay interest charges on the outstanding amounts due under such invoices.~~

11.2.19.56 NERC/WECC Charge Trust Account

The ISO shall deposit all payments received pursuant to Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices in the NERC/WECC Charge Trust Account. The NERC/WECC Charge Trust Account shall be an interest-bearing account separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time. The ISO shall disburse funds from

the NERC/WECC Charge Trust Account in order to pay the WECC any and all NERC/WECC Charges invoiced to the ISO.

11.2.19.67 Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices.

The ISO shall invoice NERC/WECC Charges to Scheduling Coordinators by issuing Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices. The Preliminary NERC/WECC Charge Invoices and Final NERC/WECC Charge Invoices shall be issued in accordance with the schedules set forth in this Section 11.2.19, provided that the ISO may issue a market notice informing Scheduling Coordinators that the ISO will implement a temporary modification to that schedule and setting forth the reasons for such modification, in which case the modified schedule described in that market notice shall govern.

11.2.19.67.1 Confirmation.

It is the responsibility of each Scheduling Coordinator to notify the ISO if the Scheduling Coordinator fails to receive a Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice in accordance with the applicable schedule. Each Scheduling Coordinator shall be deemed to have received its Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice on the date specified in the applicable schedule, unless the Scheduling Coordinator notifies the ISO to the contrary.

11.2.19.67.2 Validation.

Each Scheduling Coordinator shall have the opportunity to review the terms of the Preliminary NERC/WECC Charge Invoices and the Final NERC/WECC Charge Invoices that it receives. The Scheduling Coordinator shall be deemed to have validated each Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice unless it has raised a dispute within ten (10) Calendar Days from the date of issuance. Once validated, a Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice shall be binding on the Scheduling Coordinator to which it relates.

11.2.19.67.3 Disputes and Dispute-Related Corrections.

Scheduling Coordinators shall be prohibited from disputing any Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice, except on grounds that an error in a Preliminary NERC/WECC

~~Charge Invoice or a Final NERC/WECC Charge Invoice~~ is due to a mere typographical or other ministerial error by the ISO. A Scheduling Coordinator that wishes to dispute a ~~Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice~~ on such grounds shall give the ISO notice of dispute in writing within ten (10) Calendar Days of issuance. The notice of dispute shall state clearly the issue date of the ~~Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice~~, the item or calculation disputed, and the reasons for the dispute, and shall be accompanied by all available evidence reasonably required to support the claim. If the Scheduling Coordinator is correct that the ~~Preliminary NERC/WECC Charge Invoice or Final NERC/WECC Charge Invoice~~ contains a typographical or other ministerial error and the resolution of the dispute makes correction necessary, the ISO shall issue a corrected ~~Preliminary NERC/WECC Charge Invoice or corrected Final NERC/WECC Charge Invoice~~ within fifteen (15) Calendar Days of issuance of the invoice that is being corrected.

Each Scheduling Coordinator that receives a ~~Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice~~ shall pay any net debit and shall be entitled to receive any net credit in a ~~Final NERC/WECC Charge Invoice~~ on the Payment Date, regardless of whether there is any dispute regarding the amount of the debit or credit. The ISO will issue corrected ~~Preliminary NERC/WECC Charge Invoices or corrected Final NERC/WECC Charge Invoices~~ if the resolution of a dispute concerning a ~~Preliminary NERC/WECC Charge Invoice or a Final NERC/WECC Charge Invoice~~, brought pursuant to this Section 11.2.19, makes such a correction necessary.

11.2.19.78 Provision of Payments and Information to the WECC.

- (a) With regard to NERC/WECC Charges assessed for 2007, the ISO will forward to the WECC, within five (5) Business Days after the deadline for timely payments of NERC/WECC Charge Invoices pursuant to Section 11.2.19.2 has expired, (i) the amounts collected pursuant to NERC/WECC Charge Invoices for 2007 and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- (b) With regard to NERC/WECC Charges assessed for years after 2007, the ISO will forward to the WECC, at least three (3) Business Days prior to January 2 of each NERC/WECC

~~Charge Assessment Year~~ Thirty (30) Calendar Days after the deadline for timely payments pursuant to ~~Final NERC/WECC Charge Invoices~~ has expired, the ISO will forward to the WECC (i) the amounts collected pursuant to such ~~Final NERC/WECC Charge Invoices~~ for the NERC/WECC Charge Assessment Year and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their ~~Final NERC/WECC Charge Invoices~~ and the amounts that are unpaid.

(c**b**) Under no circumstances shall the ISO be obligated to pay to the WECC, NERC or any regional advisory body, or to their successors or assignees, any NERC/WECC Charges or any interest charges related to NERC/WECC Charges except for those NERC/WECC Charges and any interest charges actually paid to the ISO by Scheduling Coordinators. The ISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to the WECC or NERC as provided for in the ISO Tariff. Notwithstanding the foregoing, the ISO shall have the right, at its sole discretion, to recoup, set off and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that Scheduling Coordinator's past-due NERC/WECC ~~e~~Charges in accordance with Section 11.12.4.

(d**e**) The ISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide certified copies of the relevant ~~Preliminary NERC/WECC Charge Invoices, Final NERC/WECC Charge Invoices~~, and other documentation on which the ISO's certificate was based to the WECC, NERC, and the applicable Scheduling Coordinators. An ISO certificate given under this Section 11.2.19.78(d**e**) may be used as prima facie evidence of the amount due in any legal proceedings.

* * *

ISO Tariff Appendix A
Master Definitions Supplement

Final NERC/WECC
Charge Invoice

An ~~final~~ invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator based on the ~~Final~~ NERC/WECC Charge Rate.

Final NERC/WECC Charge
Rate

The rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the WECC invoice to the ISO for NERC/WECC Charges for a given year and on the NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year.

* * *

NERC/WECC Metered
Demand

For purposes of calculating NERC/WECC Charges, a Scheduling Coordinator's net metered CAISO Demand plus Unaccounted for Energy for net metered CAISO Demand and Transmission Losses for metered CAISO Demand. A Scheduling Coordinator's net metered CAISO Demand equals the Scheduling Coordinator's metered CAISO Demand (which adds Energy associated with imports from and subtracts Energy associated with exports to other balancing authority areas), less metered CAISO Demand for Station Power and for Energy required for storage at electric energy storage facilities, such as pumped storage (~~provided such pumped storage load is included in a Scheduling Coordinator's metered CAISO Demand~~). For purposes of calculating NERC/WECC Metered Demand, Unaccounted for Energy and Transmission Losses allocable to net metered CAISO Demand will be allocated pro rata to each Scheduling Coordinator based on the Scheduling Coordinator's net metered CAISO Demand.

* * *

**Preliminary
NERC/WECC Charge
Invoice**

An initial invoice issued by the ISO that reflects an allocation of NERC/WECC Charges to a Scheduling Coordinator based on the Preliminary NERC/WECC Charge Rate.

**Preliminary NERC/WECC
Charge Rate**

The preliminary rate to be paid by Scheduling Coordinators for NERC/WECC Charges based on the most recent WECC invoice to the ISO for NERC/WECC Charges received by the ISO and on the NERC/WECC Metered Demand for the NERC/WECC Charge Assessment Year.

* * *

ATTACHMENT C

From: CAISO Communications [CAISOCommunications@caiso.com]
Sent: Friday, July 20, 2007 3:18 PM
Subject: Change to Annual Billing of NERC/WECC Charges and 8/8/07 Conference Call

CALIFORNIA ISO MARKET NOTICE

Requested Client Action: Mark Your Calendar, Request for Comment

Date of Distribution: July 20, 2007

Categories: Legal/ Regulatory, Settlements and Market Clearing

Subject: Change to Annual Billing of NERC/WECC Charges and 8/8/07 Conference Call

Summary: The CAISO is proposing to invoice NERC/WECC Charges to Scheduling Coordinators annually for all years, using final invoices only. The CAISO will issue the final invoices 20 days after WECC provides the yearly invoice for NERC/WECC Charges to the CAISO, which WECC has indicated will occur each November 15. The CAISO will hold a conference call on August 8, 2007 to discuss the change in invoicing.

Main Text: In its North American Electric Reliability Council/ Western Electricity Coordinating Council (NERC/WECC) Charge Invoicing Amendment (FERC Docket No. ER07-805), the California ISO (CAISO) originally proposed to invoice NERC/WECC Charges to Scheduling Coordinators using preliminary and final (true-up) invoices for 2008, and on a quarterly basis for 2009 and after. The Federal Energy Regulatory Commission (FERC), in its order on the CAISO's Amendment, directed the CAISO to ensure that it does not issue quarterly invoices until one year before the NERC/WECC Charge Assessment Year, at the earliest.

The CAISO has concluded that the FERC directive eliminates the primary benefit of preliminary invoices – collecting NERC/WECC Charges from Scheduling Coordinators shortly after the demand period which is the basis for WECC's allocation of NERC/WECC Charges to western Control Areas.

In its order, FERC also extended the term of the initial dispute period to 60 days. In light of these directives that impact the invoicing schedule, the CAISO now believes it is more appropriate to invoice NERC/WECC Charges to Scheduling Coordinators annually for all years, using final invoices only.

The CAISO would issue the final invoices 20 days after WECC provides the yearly invoice for NERC/WECC Charges to the CAISO, which WECC has indicated will occur each November 15. The CAISO's proposal will reduce financial and settlement burdens on Market Participants.

The following is a proposed schedule of timing for the invoicing and data distribution:

NERC/WECC Charge Assessment Year	Annual NERC/WECC Metered Demand Used to Determine NERC/WECC Charges	CAISO Distribution of NERC/WECC Metered Demand Data to SCs	WECC Invoice Issued	CAISO Invoice Issued
2007	2005	July 2007	December 2006	October 2007
2008	2006	July 2007	November 2007	December 2007
2009	2007	April 2008	November 2008	December 2008

The CAISO intends to include the changes in the compliance filing FERC directed the CAISO to submit by August 24, 2007 and will seek clarification from FERC that such changes are appropriate in light of the modifications that FERC made to the CAISO initial proposal.

8/24/2007

The CAISO will hold a conference call on August 8, 2007 to discuss the change in invoicing.

Conference Call Details

Date: Wednesday August 8, 2007

Time: 10:00 a.m. to 11:00 a.m. (PDT)

Conference Call Information

Dial-In Number: 1- (888) 428-4480

For More Information Contact: Michael Epstein at mepstein@caiso.com or 916.351.2314



California ISO
Your Link to Power

The California ISO strives to be a world-class electric transmission organization built around a globally recognized and inspired team providing cost-effective and reliable service, well-balanced energy market mechanisms, and high-quality information for the benefit of our customers.

EA/ComPR/IPS/ds

From: CAISO Communications [CAISOCcommunications@caiso.com]
Sent: Wednesday, July 25, 2007 3:37 PM
Subject: NERC/WECC Metered Demand Calculations

CALIFORNIA ISO MARKET NOTICE

Requested Client Action: Request For Comment

Date of Distribution: July 25, 2007

Categories: Settlements and Market Clearing

Subject: NERC/WECC Metered Demand Calculations

Summary: Consistent with the CAISO April 2007 NERC/WECC Charge Invoicing Amendment in Docket No. ER07-805-000 which was conditionally approved by FERC on June 25, 2007, the CAISO is providing the NERC/WECC Metered Demand Assessment Years 2007 and 2008 for SC review.

Main Text: Consistent with the California ISO (CAISO) April 2007 NERC/WECC Charge Invoicing Amendment in Docket No. ER07-805-000 which was conditionally approved by the Federal Energy Regulatory Commission (FERC) on June 25, 2007, the CAISO is providing the following information to Scheduling Coordinators (SCs) for their review.

Item	Value	Unit
Total NERC/WECC Charges for Assessment Year 2007	4,078,762.14	\$
Total NERC/WECC Metered Demand for Calendar Year 2005 ¹	231,548,521.20	MWh
Final NERC/WECC Charge Rate for Assessment Year 2007 ¹	0.017615151	\$/MWh
Total NERC/WECC Metered Demand for Calendar Year 2006 ¹	237,149,249.64	MWh

Notes:1 – For Assessment Year 2007, the Total NERC/WECC Charges is final. Total NERC/WECC Metered Demand was calculated consistent with FERC's June 25, 2007 Order.

On Friday, July 27, 2007, the CAISO will distribute to SCs for their review a CD containing monthly NERC/WECC Metered Demand calculation details in accordance with the approved tariff provisions. Each SC shall have sixty (60) Calendar Days upon receipt of their NERC/WECC Metered Demand data to raise any disputes concerning the CAISO's calculation of the SC's NERC/WECC Metered Demand. SCs should direct any disputes or other comments about the calculations to Robert Delizo, Billing & Settlements, at rdelizo@caiso.com.

Please refer to the CAISO proposal for annual final invoicing of the NERC/WECC Charges, as noticed on July 20, for more information on the NERC/WECC Charge assessment and invoicing process. The July 20, 2007 Market Notice is located on the CAISO website at <http://www.caiso.com/1c21/1c21ad2672942.html>.

For more information pertaining to the CAISO proposed NERC/WECC charge calculation methodology, please see the July 23, 2007 Market Notice titled Revised Charge Types for NERC/WECC Charges located at <http://www.caiso.com/1c24/1c249e6b65922.html>.

For More Information Contact: Robert Delizo, Billing and Settlements, rdelizo@caiso.com



California ISO
Your Link to Power

The California ISO strives to be a world-class electric transmission organization built around a globally recognized and inspired team providing cost-effective and reliable service, well-balanced energy market mechanisms, and high-quality information for the benefit of our customers.

EA/ComPR/IPS/ds

8/24/2007

ATTACHMENT D

**BILLING SERVICES AGREEMENT BY AND BETWEEN
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND THE WESTERN ELECTRICITY COORDINATING COUNCIL**

This Billing Services Agreement (“Agreement”) is entered into as of the ___ day of August, 2007, by and between the California Independent System Operator Corporation (the “CAISO”) and the Western Electricity Coordinating Council (“WECC”). The CAISO or WECC may each be referred to as a “Party” or together referred to as the “Parties”.

WHEREAS, the North American Electric Reliability Corporation (“NERC”) has been certified by the Federal Energy Regulatory Commission (“FERC”) as the Electric Reliability Organization for the United States under Section 215 of the Federal Power Act, with responsibility for improving the reliability of the interconnected electric bulk power system;

WHEREAS, FERC has accepted a Delegation Agreement filed by NERC designating WECC as the Regional Entity for the Western Interconnection, and thus WECC is a Regional Entity pursuant to the requirements established by FERC, with responsibility for ensuring the reliable operation of the electric power systems within its territory;

WHEREAS, the CAISO is an independent system operator with responsibility for operating the electric power grid within a specified geographic region, the CAISO Control Area, pursuant to the terms of the CAISO Tariff, as it may be amended from time to time;

WHEREAS, WECC has been authorized by FERC under the October 24, 2006 Funding Order¹ to collect from Load-Serving Entities (“LSEs”) within the Western Interconnection the FERC-approved WECC costs and an allocable portion of NERC costs on behalf of NERC relating to functions performed by NERC, WECC, and regional

¹ *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091 (2006).

advisory bodies within the western interconnection pursuant to Section 215 of the Federal Power Act ("NERC/WECC Charges");

WHEREAS, WECC desires to contract with the CAISO to provide certain billing services to facilitate WECC's collection of the NERC/WECC Charges from LSEs within the CAISO Control Area;

WHEREAS, pursuant to the CAISO Tariff, the CAISO is willing to provide certain billing services described herein to facilitate WECC's collection of NERC/WECC Charges from Scheduling Coordinators on behalf of LSEs within the CAISO Control Area, subject to the terms and conditions set forth herein;

WHEREAS, Scheduling Coordinators (each of which is an LSE and/or represents an LSE or LSEs) are the parties to whom the CAISO invoices NERC/WECC Charges pursuant to the CAISO Tariff and are the parties responsible for paying NERC/WECC Charges to the CAISO;

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. WECC Authorization. WECC represents and warrants that it has obtained all necessary regulatory approvals and legal authority needed for it to enter into and perform this Agreement.
2. Processing NERC/WECC Charges. The Parties agree that NERC/WECC Charges for Scheduling Coordinators in the CAISO Control Area will be processed as follows:
 - a. Upon the earlier of (1) forty-five (45) days prior to the beginning of each calendar year or (2) ten (10) days after FERC approves the budgets of NERC and WECC for the applicable year, WECC will send a written notification to the CAISO that shows the aggregate NERC/WECC Charges for the CAISO Control Area for the upcoming calendar year.

- b. The CAISO will allocate NERC/WECC Charges among Scheduling Coordinators and issue invoices for NERC/WECC Charges to such Scheduling Coordinators in accordance with the provisions concerning the allocation of NERC/WECC Charges contained in the CAISO Tariff.
- c. At least one (1) day prior to the beginning of each calendar year, the CAISO will forward to WECC, through Fedwire or other electronic means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices and the amounts that are unpaid.
- d. Notwithstanding Sections 2(a) and 2(c), WECC will send final written notification to the CAISO regarding NERC/WECC Charges for calendar year 2007 by September 20, 2007. The final written notification that WECC sends to the CAISO pursuant to this Section 2(d) shall indicate any amounts that WECC has directly billed, and which LSEs/Scheduling Coordinators have paid directly to WECC, for 2007 NERC/WECC Charges. The CAISO will allocate 2007 NERC/WECC Charges to Scheduling Coordinators and issue NERC/WECC Charge Invoices to such Scheduling Coordinators in accordance with the FERC-approved provisions of the CAISO tariff, and the CAISO shall deduct from the NERC/WECC Charge Invoices any amounts that LSEs/Scheduling Coordinators have already paid directly to WECC for 2007 NERC/WECC Charges. By November 29, 2007, the CAISO will forward to WECC, through Fedwire or other electronic means, (i) the amounts collected by the CAISO by that date pursuant to NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and (ii) a list of all Scheduling Coordinators that have failed to make full payment pursuant to their NERC/WECC Charge Invoices for 2007 NERC/WECC Charges and the amounts that are unpaid. CAISO will use reasonable efforts to forward to WECC significant payments that it receives prior to November 29, 2007.
- e. The CAISO shall, on request, certify in writing the NERC/WECC Charges owed by a Scheduling Coordinator that remain unpaid and shall provide

certified copies of the invoices and other documentation on which the CAISO's certificate was based to WECC, NERC, and the applicable Scheduling Coordinator. A CAISO certificate given under this Section 2(e) may be used as prima facie evidence of the amount due in any legal proceedings.

- f. The CAISO will not use its billing under this Agreement to unduly influence NERC's operations as the Electric Reliability Organization or WECC's operations as a Regional Entity.

3. Notices. All notices and payments between the Parties under this Agreement shall be in writing and shall be effective when delivered either by (i) U.S. Mail, with a confirming email, or (ii) through electronic means directed to the following individuals:

- a. Notices and payments to WECC shall be directed to:

Catrina Martin
Western Electricity Coordinating Council
615 Arapeen Dr., Suite 210
Salt Lake City, UT 84108-1262
Tel: (801) 582-0353
Email: Catrina@wecc.biz

- b. Notices and payments to the CAISO shall be directed to:

Michael Epstein
The California Independent System Operation Corporation
151 Blue Ravine Rd.
Folsom, CA 95630
Tel: (916) 351-2314
Email: mepstein@caiso.com

A Party may inform the other Party that a change will occur regarding the contact information of an individual to whom notices and payments are to be directed without the need to amend this Agreement by providing a notice to the other Party in writing that describes the change. No such change shall be deemed to have

been given until notice of the change has been received by the Party to which the notice was provided.

4. WECC Indemnification of the CAISO. To the greatest extent permitted by law, WECC shall indemnify and hold harmless the CAISO and its officers, employees, directors, agents, and consultants from and against any and all suits, demands, claims, losses, liabilities, and expenses, including reasonable attorneys' fees, arising out of WECC's failure to perform its obligations under this Agreement.

5. Limitation of WECC Liability. WECC shall have no obligations whatsoever to compensate the CAISO for any costs incurred or services performed by the CAISO, pursuant to this Agreement or the CAISO Tariff, in order to facilitate WECC's collection of NERC/WECC Charges.

6. Limitation of CAISO Liability. The obligation of each LSE or Scheduling Coordinator in the CAISO Control Area to pay its share of NERC/WECC Charges rests entirely with the individual LSE or Scheduling Coordinator. Under no circumstances shall the CAISO have any obligation to pay any part of NERC/WECC Charges or any interest charges related to NERC/WECC Charges, except for those NERC/WECC Charges paid to the CAISO by Scheduling Coordinators and any interest charges paid to the CAISO to the extent the CAISO is authorized to collect such interest charges with respect to NERC/WECC Charges.

7. Limitation of CAISO Obligation to Pursue Collections. The CAISO shall have no obligations whatsoever to pursue collections of NERC/WECC Charges other than the obligation to invoice Scheduling Coordinators and to provide information to WECC or NERC as provided for in this Agreement and in the CAISO Tariff. Notwithstanding the foregoing, the CAISO shall have the right, in its sole discretion, to recoup, set off, and apply any amount to which a Scheduling Coordinator is or will be entitled, in or towards the satisfaction of any of that

Scheduling Coordinator's past-due NERC/WECC Charges in accordance with the CAISO Tariff.

8. Other Terms.

- a. Dispute Resolution. The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, either Party may bring a legal action or proceeding pursuant to the provisions of Section 8(b) of this Agreement.
- b. Governing Law. This Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the State of California, without regard to any choice of laws provision. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in any of the following forums, as appropriate: a court of the State of California or any U.S. federal court located in the State of California or, where subject to its jurisdiction, before FERC.
- c. Force Majeure. Neither Party will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an uncontrollable force. For purposes of this Agreement, an uncontrollable force means any act of God, labor disturbance, act of the public enemy, war, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of a Party which could not be avoided through the exercise of good utility practice. In the event of the occurrence of an uncontrollable force, which prevents a Party from performing any obligation under this Agreement, the affected Party shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the uncontrollable force. The affected Party shall use its best efforts to mitigate the effects of

such uncontrollable force, remedy its inability to perform, and resume full performance of its obligations hereunder.

- d. Assignment. Neither Party may assign or transfer any of its rights and/or obligations under this Agreement without the other Party's prior written consent. Such consent shall not be unreasonably withheld. Any such assignment or transfer shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement. No assignment or transfer of this Agreement shall relieve the assigning or transferring Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment or transfer.
- e. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supercedes any prior or contemporaneous agreements or understandings between the Parties concerning such subject matter. In the event of any conflict between this Agreement and (1) the Delegation Agreement between NERC and WECC approved by FERC in an order issued April 19, 2007² (as that Delegation Agreement may be amended from time to time) with respect to the CAISO providing billing services to facilitate WECC's collection of NERC/WECC Charges from Scheduling Coordinators or LSEs within the CAISO Control Area, or (2) the CAISO Tariff, this Agreement shall govern.
- f. Relationship of Parties. This Agreement shall not be interpreted as creating or implying any relationship between the Parties (*e.g.*, partnership or joint venture) that is beyond the scope of the rights and obligations described herein.
- g. Amendments. No amendment, modification, or waiver of any term of this Agreement shall be effective unless set forth in a writing signed by both WECC and the CAISO.

² *North American Electric Reliability Corp., et al.*, 119 FERC ¶ 61,060 (2007).

- h. Construction. Each provision in this Agreement shall be interpreted without regard to any presumption against the Party that drafted the provision.
- i. Headings. The headings set forth herein are inserted for convenience and shall have no effect on the interpretation or construction of this Agreement.
- j. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in effect.
- k. Capitalized Terms. Any capitalized term that is not otherwise defined herein shall have the meaning set forth in the CAISO Tariff as it may be amended from time to time.
- l. Term and Termination. The term of this Agreement will commence on the date first stated above. In the event FERC issues an order requiring any changes to the Agreement that are unacceptable to either party, a party may terminate the Agreement by providing written notice to the other party within thirty (30) days of issuance of the FERC order. This Agreement shall continue in effect until terminated by one of the Parties, upon ninety (90) days' prior written notice. No such termination shall relieve either party from any obligation arising prior to the date of termination.
- m. Default and Cancellation. Either Party may cancel this Agreement upon the occurrence of an event of material default by the other Party; such cancellation will be effective upon the defaulting Party's receipt of notice of such cancellation. An event of material default shall include any material breach of this Agreement by a Party, provided that the breaching Party has failed to cure such breach within thirty (30) days after receiving written notice of the breach from the other Party. The non-breaching Party shall be entitled to suspend its performance hereunder until such time as the breach is cured. The non-defaulting Party shall have all the rights and remedies available to it under this Agreement, at law or in equity.

- n. Waivers. Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations, in asserting or enforcing any right under this Agreement, shall not constitute or be deemed a waiver of such right.
- o. Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement, effective as of the date first above written.

WESTERN ELECTRICITY COORDINATING COUNCIL

By: [Signature]
Name: 8/21/07
Title: COO

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

ASSX
By: [Signature]
Name: WJ REGAN
Title: CFO

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the parties listed in the attached filing as receiving service, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 24th day of August, 2007.

Anthony J. Ivanovich^{BRM}
Anthony J. Ivanovich