

**Proposed Tariff Modifications for Payment Acceleration CRR Balancing Account  
Fourth Replacement CAISO Tariff  
September 23, 2009**

#### 11.2.4 CRR Settlements.

CRR Holders shall be paid or charged for Congestion costs depending on the type of CRRs held by the CRR Holder, the direction of Congestion as measured through the IFM, and the LMP as calculated in the IFM. CRRs shall be funded through the revenues associated with the IFM Congestion Charge, CRR Charges, and the CRR Balancing Account. The CRR Payments and CRR Charges shall be settled first on a daily basis for each Settlement Period of the DAM. The CAISO shall pro-rate CRR Payments and CRR Charges for each Settlement Period, if there is an insufficiency of funds during that Settlement Period from the IFM Congestion Charge pursuant to Section 11.2.4.1. A ~~monthly-daily~~ true up will then be conducted, on both CRR Payments and CRR Charges in the clearing of the CRR Balancing Account pursuant to Section 11.2.4.4.1 and 11.2.4.4.2.

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#### 11.2.4.3 Payments and Charges for Monthly and Annual Auctions.

The CAISO shall charge CRR Holders for the Market Clearing Price for CRRs obtained through the clearing of the CRR Auction as described in Section 36.13.6. To the extent the CRR Holder purchases a CRR through a CRR Auction that has a negative value, the CAISO shall pay the CRR Holder for taking the applicable CRR. The CAISO shall net all revenue received and payments made through this process ~~and shall add the net remaining seasonal and monthly CRR Auction revenue amounts (either negative or positive amounts) to the CRR Balancing Account for the appropriate month.~~ CRR Auction net revenue amounts for on-peak and off-peak hours shall be separated. CRR Auction revenues for each season are allocated uniformly across the three ~~monthly accounts~~ comprising each season based on time of use. Furthermore, each net monthly auction revenues shall be converted into daily values and then added to the Daily CRR Balancing Accounts. In particular, the Daily CRRBA contribution is the sum of (1) the monthly on-peak amounts from CRR auction net revenues multiplied by the ratio of daily on-peak hours to monthly on-peak hours, and (2) the monthly off-peak amounts from CRR auction net revenues multiplied by the ratio of daily off-peak hours to monthly off-peak hours.

#### 11.2.4.4 Hourly CRR Settlement.

For each Settlement Period, the IFM Congestion Funds calculated in Section 11.2.4.1.2 will be used to pay CRR Holders that are owed CRR Payments. If the IFM Congestion Fund is sufficient to make the

required CRR Payments for the Settlement Period, all CRR Holders shall be paid and charged fully according to their entitlements. If the IFM Congestion Fund is insufficient to make the required CRR Payments, then CRR Payments and CRR Charges shall be pro-rated by a ratio equal to the total hourly amount of IFM Congestion Funds divided by the net of CRR Payments for that Settlement Period. Any surplus revenue for the Settlement Period after making all hourly CRR Payments will go to the CRR Balancing Account for use in the end-of-~~month~~day clearing of the CRR Balancing Account processes pursuant to Section 11.2.4.4.1. Any CRR Payment shortfalls (or amounts not fully paid) and CRR Charge shortfalls (or amounts not fully charged) for the Settlement Period, will be tracked for further Settlement during the ~~end-of-month~~daily clearing process as described in Section 11.2.4.4.1. The hourly Settlement of CRRs for each CRR Holder will be based on the type of CRR holdings as described in Section 11.2.4.2. The CRR Holder's hourly CRR Settlement amount, which may be subject to pro-ration if necessary as described in this Section, will be the net of the holder's CRR Payments for CRR Options or CRR Obligations, and the holder's CRR Charges for CRR Obligations out of these holdings.

**11.2.4.4.1 ~~Monthly~~Daily Clearing of the CRR Balancing Account – Full Funding of CRRs.**

At the end of each ~~month~~day, all CRR Payment shortfalls for all CRR Holders shall be paid in full and all CRR Charge shortfalls shall be fully charged through the CRR Balancing Account clearing process. The net of these CRR Charges and CRR Payment shortfalls shall be added to the CRR Balancing Account for the applicable ~~month~~day. Any surplus or shortfall revenue amounts in the CRR Balancing Account will be distributed to Scheduling Coordinators in an amount equal to (a) the CRR Balancing Account surplus or shortfall amounts, times (b) the ratio of each Scheduling Coordinator's Measured Demand (net of the Scheduling Coordinator's Measured Demand associated with valid and balanced ETC, TOR or Converted Rights Self-Schedule quantities for which IFM Congestion Credits and/or HASP and RTM Congestion Credits were provided in the same relevant ~~month~~day) divided by (c) the total Measured Demand for all Scheduling Coordinators for the relevant ~~month~~day (net of the total Measured Demand associated with valid and balanced ETC, TOR or Converted Rights Self-Schedule quantities for which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same relevant ~~month~~day).

**11.2.4.5 CRR Balancing Account.**

The CRR Balancing Account shall accumulate: (1) the seasonal and monthly CRR Auction revenue amounts that were converted into daily CRRBA values as described in Section 11.2.4.3 and (2) any surplus revenue or shortfall generated from hourly CRR Settlements as described in Section 11.2.4.4.

Interest accruing due to the CRR Balancing Account shall be at the CAISO's received interest rate and shall be credited to ~~the each monthly CRRBA Balancing Account~~ Accrued Interest Fund, which is then allocated to monthly Measured Demand excluding Measured Demand associated with valid and balanced ETC, TOR, or CVR self-schedule quantities for which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same month.

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#### **36.8.5.4 Load Migration and Compliance with CAISO Credit Requirements.**

To the extent that the credit requirements of an LSE as specified in Section 12 are updated by the allocation of new CRRs to reflect Load Migration, the CAISO will do the following. For new CRRs that result in net charges to the affected LSE over a Settlement period these charges will appear on the LSE's Settlement Statement irrespective whether the LSE has met the updated credit requirement. For new CRRs that result in net payments to the affected LSE over a Settlement period and that LSE has not met the updated credit requirements affected by the allocation of new CRRs to reflect Load Migration, the CAISO shall withhold payment until those updated credit requirements are met. At the end of each Settlement period, if the LSE has not met the updated credit requirements resulting from Load Migration CRR transfers, the CAISO will add any net payments that accrued to the transferred CRRs to the CRR Balancing Account to be included in the ~~end-of-month~~daily clearing of the CRR Balancing Account, and those net payments will no longer be recoverable by the LSE. The CAISO may place new allocated CRRs into CRR Auctions if the non-compliance with credit or applicable Financial Security requirements is persistent.

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#### **36.14.3 Potential Impact of an IBAA Change on the Revenue Adequacy of Previously-Released CRRs.**

It is possible that, as a result of modifying the CRR Sources or CRR Sinks of Previously-Released CRRs as provided in Section 36.14.2, the entire set of Previously-Released CRRs may no longer be simultaneously feasible. Any such violation of simultaneous feasibility may or may not lead to a revenue

shortfall, that is, a deficiency over the course of a month between the IFM Congestion Charge and the amount of funds needed to fully settle the CRRs that are in effect for that month. Consistent with Section 11.2.4.4.1, any revenue shortfall that may result from IBAA-related changes to CRR Sources and CRR Sinks would be funded through the relevant ~~monthly~~daily CRR Balancing Account.

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