



California Independent  
System Operator Corporation

May 19, 2010

**VIA HAND DELIVERY**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20246

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER08-1113-006**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO)<sup>1</sup> submits an original and five copies of this filing in compliance with the Federal Energy Regulatory Commission's (FERC or Commission) April 19, 2010 Order on Compliance in the above-referenced proceeding.<sup>2</sup> In its April 2010 Order, the Commission accepts subject to modification the ISO's compliance filing submitted pursuant to the Commission's July 30, 2009 Order on Rehearing and Clarification.<sup>3</sup> In its *July 2009 Rehearing Order*, the Commission directed the ISO to make certain changes to its tariff concerning the ability of market participants to demonstrate their eligibility for an adjustment from marginal cost of losses under the ISO's Integrated Balancing Authority Area (IBAA) structure because the losses charges may be duplicative.

An original and five copies of the amendment are included for the filing. One additional copy is included to be date and time stamped and returned to the messenger.

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<sup>1</sup> The ISO is sometimes referred to CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the currently effective ISO tariff.

<sup>2</sup> *California Indep. Sys. Operator Corp.*, 130 FERC ¶ 61,050 (2010) (*April 2010 Order*).

<sup>3</sup> *California Indep. Sys. Operator Corp.*, 128 FERC ¶ 61,103 (2009) (*July 2009 Rehearing Order*).

## I. Proposed Tariff Modifications on Compliance

Pursuant to the Commission's *April 2010 Order*, the ISO proposes the following the amendments to its tariff.

### A. Losses Adjustment at the Tracy Scheduling Point

In its *July 2009 Rehearing Order*, the Commission directed the ISO to amend its tariff to provide that "to the extent a party can demonstrate that it already pays Western for transmission losses pursuant to Western's transmission service tariff or applicable agreements for imports to the CAISO at the Western-CAISO intertie scheduling point, . . . it is subject to an adjustment to the marginal loss component of the default LMP under the IBAA system."<sup>4</sup> The ISO's proposed tariff language in its earlier compliance filing limits eligibility for losses to the Tracy scheduling point. In its *April 2010 Order*, the Commission determined that there is a difference between the "Western-CAISO intertie scheduling point" and the "Tracy intertie scheduling point."<sup>5</sup> The Commission stated that limiting eligibility to the Tracy scheduling point may have made sense when the loss adjustment applied only to schedules using the California Oregon Transmission Project (COTP), by expanding the losses adjustment to non-COTP transmission owned by Western within the IBAA the ISO should apply the losses adjustment to all Western-CAISO intertie scheduling points. Accordingly, the Commission directed the ISO to provide market participants with an adjustment to the marginal cost of losses component of the IBAA default price at the applicable ISO-Western intertie scheduling point, if the market participant can demonstrate they already pay for transmission losses on the Western system.<sup>6</sup> The Commission also directed that such treatment should be applied consistently to imports and exports.<sup>7</sup>

The ISO submits proposed changes to Sections G.1.2 of Appendix C of the ISO Tariff to reflect that the loss adjustment will apply to all Scheduling Point that connect the ISO balancing authority area and the Western Area Power Administration system in addition to the Tracy substation. The ISO proposes to accomplish directive by including this language in Section G.1.2 of Appendix C of the ISO tariff where the existing tariff language only references the Tracy substation. The ISO respectfully requests that the Commission accept these changes.

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<sup>4</sup> *July 2009 Rehearing Order* at P 89.

<sup>5</sup> *April 2010 Order* at P 17.

<sup>6</sup> *April 2010 Order* at P 18.

<sup>7</sup> *Id.*

## **B. Non-COTP Exports from the ISO**

In its *July 2009 Rehearing Order* the Commission directed the ISO to provide an adjustment to the marginal cost of losses for market participants that demonstrate they face duplicative losses charges for exports just as the CASIO would provide for parties facing duplicative losses charges for imports.<sup>8</sup> In its *April 2010 Order*, the Commission determined that the ISO's earlier compliance filing does not provide the same opportunity for non-COTP exports to receive a losses adjustment as exports using the COTP and directed the ISO to apply its proposed tariff language for losses adjustments to exports from the ISO that use non-COTP facilities within the IBAA.<sup>9</sup> The Commission emphasized that such adjustments should not be limited to exports at the Tracy scheduling point and should be consistent with the direction regarding intertie scheduling points between the ISO and the Western system.<sup>10</sup>

In compliance to the Commission's directives, the ISO proposes to add the following language "or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system" to Section G.1.2 of Appendix C of the ISO tariff where this section refers to the Tracy substation. Consequently, Section G.1.2 now includes the following language pertaining to export schedules:

For export Schedules from the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system that (a) use the California-Oregon Transmission Project, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system.

With this modification, the ISO will apply the same losses adjustment afforded to imports to exports from the ISO at the southern terminus of the COTP *or at any*

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<sup>8</sup> *July 2009 Rehearing Order* at P 89.

<sup>9</sup> *April 2020 Order* at P 24.

<sup>10</sup> *Id.*

*Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system.* This proposed change also implements the Commission's findings in paragraph 89 of the *July 2009 Rehearing Order* by clarifying that COTP customers that already pay for losses via the rates under TANC or Western tariffs, including non-COTP Western transmission customers, are eligible for an adjustment for the losses charge for parallel flows that is implicit in locational marginal pricing.<sup>11</sup>

### **C. Additional Revisions to Tariff Language**

#### **(i) Transmission Ownership**

In response to the ISO's September 28, 2009 filing submitted in compliance with the *July 2009 Rehearing Order*, parties commented that language proposed by the ISO may create confusion regarding the ownership of certain transmission. Specifically, parties expressed concern that the proposed addition of the phrase "use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration" could imply that Western is the sole owner of the COTP or that TANC will charge for use of Western's transmission system. In its answer filed on November 3, 2009, the ISO agreed to make changes to Appendix C of the ISO Tariff to clarify that that TANC is not charging for the use of non-COTP Western transmission facilities. In the *April 2010 Order*, the Commission agrees with the ISO proposal and directs the ISO to propose revisions that clarify that Western is not the sole owner of the COTP and that TANC will not charge for use of the Western transmission system.<sup>12</sup>

Accordingly, the ISO is proposing clarifying changes to Section G.1.2 of Appendix C of the ISO tariff by redrafting the sentence that refers to the various conditions that must be met in order for the losses adjustment to apply. The ISO's previous tariff language stated:

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation that originate from transactions that (a) use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project.

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<sup>11</sup> April 2010 Order at P 23.

<sup>12</sup> April 2010 Order at P 27.

The ISO proposes to revise this language as follows:

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinators certify as discussed further below, that the Schedules originate from transactions that use: (a) the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, as described further below, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration on transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project.

The ISO's proposed changes state the necessary conditions to receive a losses adjustment in two sentences as opposed to one. This approach helps clarify the points raised by commenting parties and provides more clarity in general. The ISO is proposing similar changes where these same conditions appear later on in the paragraph of Section G.1.2 of Appendix C of the ISO Tariff. In addition, the ISO proposes to delete some of the repetitive language in this section by referencing the above specified conditions that apply. Finally, the ISO proposes similar changes to the language in G.1.2 that pertains to exports.

## **(ii) Resource IDs**

In its *April 2010 Order*, the Commission directs the ISO to clarify that Resource IDs can be obtained and used by Scheduling Coordinators for transactions that are charged for losses for the use of non-COTP Western transmission facilities.<sup>13</sup> The Commission specifies that such clarification should also extend beyond the Tracy scheduling point to all scheduling points between the ISO and Western's system in the

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<sup>13</sup> April 2010 Order at P 30.

IBAA.<sup>14</sup> In compliance with these directives, the ISO proposes several modifications to Section G.1.2 of Appendix C of the ISO Tariff that eliminate any uncertainty that Scheduling Coordinators have access to the use of the Resource IDs and eligibility for a losses adjustment for use of the non-COTP Western transmission facilities.

### **(iii) Transmission Origination**

In response to the ISO's September 28, 2009 filing submitted in compliance with the *July 2009 Rehearing Order*, parties commented that the ISO's proposed tariff language may create confusion that export schedules from the ISO originate on the COTP when they do not. In its *April 2010 Order*, the Commission directs the ISO to clarify on compliance that exports from the ISO to the IBAA that utilize the COTP or non-COTP Western facilities within the IBAA would be eligible for an adjustment to the marginal cost of losses.<sup>15</sup> Again, the Commission specifies that such clarification should also extend beyond the Tracy scheduling point to all scheduling points between the ISO and Western's system in the IBAA.<sup>16</sup> In compliance with these directives, the ISO proposes modifications to Section G.1.2 of Appendix C of the ISO Tariff to eliminate any confusion that export schedules from the ISO originate on the COTP.

## **II. Materials Provided In This Compliance Filing**

The following documents, in addition to this transmittal letter, support this filing:

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|--------------|--|
| Attachment A | Clean sheets of the currently effective tariff showing revisions described in this filing                    |
| Attachment B | Sheets showing, in black-line format, the changes to the currently effective tariff described in this filing |

## **III. Conclusion**

The ISO respectfully requests that the Commission accept this filing as complying with the directives of the Commission's *April 2010 Order*. Please do not hesitate to contact the undersigned if you have any questions.

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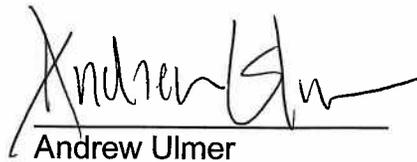
<sup>14</sup> *Id.*

<sup>15</sup> April 2010 Order at P 33.

<sup>16</sup> *Id.*

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew Ulmer", written over a horizontal line.

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**Attachment A – Clean sheets**  
**IBAA Compliance**  
**Fourth Replacement CAISO Tariff**  
**ER08-1113-006**  
**May 19, 2010**

effective MEEA, the default pricing for all imports from the IBAA(s) to the CAISO Balancing Authority Area will be based on the SMUD/TID IBAA Import LMP and all exports to the IBAA(s) from the CAISO Balancing Authority Area will be based on the SMUD/TID IBAA Export LMP. The SMUD/TID IBAA Import LMP will be calculated based on modeling of supply resources that assumes all supply is from the Captain Jack substation as defined by WECC. The SMUD/TID IBAA Export LMP will be calculated based on the Sacramento Municipal Utility District hub that reflects Intertie distribution factors developed from a seasonal power flow base case study of the WECC region using an equivalencing technique that requires the Sacramento Municipal Utility District hub to be equivalenced to only the buses that comprise the aggregated set of load resources in the IBAA, with all generation also being retained at its buses within the IBAA. The resulting load distribution within each aggregated set of load resources within the IBAA defines the Intertie distribution factors for exports from the CAISO Balancing Authority Area.

### **G.1.2 Applicable Marginal Losses Adjustment**

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinators certify as discussed further below that the Schedules originate from transactions that use: (a) the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, as described further below, the Scheduling Coordinator must demonstrate that the Schedules are subject to: (a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) charges for losses by the Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment.

Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that originate from transactions that: (a) use the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the Schedules are subject to:

(a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, that originate from transactions that: (a) use the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the Schedules are subject to: (a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify these certifications. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request. The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system to reflect the otherwise applicable source for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that meet the above specified certification requirements. Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

For export Schedules from the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinator certifies, as discussed below, that the export Schedules use: (a) the California-Oregon Transmission Project; or (b) any transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that the export Schedules use: (a) the California-Oregon Transmission Project; or (b) any transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, are used for the above specified conditions.

Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify that schedules for such Resource IDs meet the above specified conditions. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request.

The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system to reflect the otherwise applicable sink for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that met the above specified conditions. Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

**Attachment B – Blacklines**  
**IBAA Compliance**  
**Fourth Replacement CAISO Tariff**  
**ER08-1113-006**  
**May 19, 2010**

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## CAISO TARIFF APPENDIX C

### Locational Marginal Price

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#### G.1.2 Applicable Marginal Losses Adjustment

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinators certify as discussed further below that the Schedules ~~that~~ originate from transactions that use: (a) ~~use~~ the California-Oregon Transmission Project; or (b) ~~other~~ transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, In addition, as described further below, the Scheduling Coordinator must demonstrate that the Schedules are subject to: (a) ~~and (b) are~~ charged for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) charges for losses by the Transmission Agency of Northern California for the use of the California-Oregon Transmission Project, ~~or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation.~~ The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that originate from transactions that: (a) use the California-Oregon Transmission Project; or (b) ~~other~~ transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, In addition, the Scheduling Coordinator must certify that the

~~Schedules are subject to: and (ba) are charged~~ for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, ~~that,~~ originate from transactions that: (a) use the California-Oregon Transmission Project; or (b) ~~other~~ transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the Schedules are subject to: (a) and (b) are charged for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify ~~these certifications that schedules for such Resource IDs originate from transactions using the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA and are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California.~~ Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request. The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system to reflect the otherwise applicable source for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that meet the above specified certification requirements. (a)

~~use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA.~~ Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

For export Schedules from the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinator certifies, as discussed below, that the export Schedules use: (a) ~~use the California-Oregon Transmission Project;~~ or (b) any transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules ~~and (b)~~ are charged losses by: (a) the Western Area Power Administration- for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project; ~~the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation.~~ The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that the export Schedules use: (a) the California-Oregon Transmission Project; or (b) any transmission facilities owned by the

Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project, that originate from transactions that (a) use the California-Oregon Transmission Project, and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, are used for the above specified conditions, originate from transactions that (a) use the California-Oregon Transmission Project and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify that schedules for such Resource IDs meet the above specified conditions, originate from transactions using the California-Oregon Transmission Project and are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request. The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system to reflect the otherwise applicable sink for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that met the above specified conditions, (a) use the

~~California-Oregon Transmission Project, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project.~~ Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the captioned proceeding, 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 19<sup>th</sup> day of May 2010.

  
Jane Ostapovich