



California Independent
System Operator Corporation

October 19, 2009

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

**Re: California Independent System Operator Corporation
Docket Nos. ER09-1247-000 and ER09-1247-001
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) hereby submits an original and five copies of the instant filing in compliance with the September 17, 2009 Order of the Federal Energy Regulatory Commission (“Commission” or “FERC”).¹

Two additional copies of this filing are enclosed. Please stamp these copies with the date and time filed and return them to the messenger.

I. Background

On June 1, 2009, as amended June 4, 2009,² the CAISO filed proposed modifications to the CAISO Tariff to implement a payment acceleration program effective November 1, 2009 (collectively “Payment Acceleration Filing”).³ The payment acceleration program will shorten the time period in which the CAISO invoices and settles market transactions. The average cash clearing schedule will be reduced from approximately 80 calendar days under the current timeline to approximately 29 calendar days under payment acceleration. This reduction in the length of time that market charges and payments are outstanding will in turn lower the overall market’s credit exposure and reduce the amount of the credit requirements market participants must

¹ *California Indep. Sys. Operator Corp.*, 128 FERC ¶¶ 61,265 (2009)(“September 17 Order”).

² On June 4, 2009, the CAISO submitted an errata filing to correct the proposed effective date for the payment acceleration program from October 1, 2009 to November 1, 2009.

³ Capitalized terms not otherwise defined have the same meaning as set forth in the CAISO Tariff, Appendix A, Master Definitions Supplement.

meet under CAISO Tariff Section 12.⁴ The payment acceleration program will also increase certainty in final payments by implementing a sunset provision that will permit adjustments to settlement statements for 36 months after the trading day, and thereafter only by direction of the CAISO Board of Governors or order of the Commission.

In its September 17 Order, the Commission approved the payment acceleration program for implementation on November 1, 2009, subject to certain modifications.⁵ The required changes are: revising the estimation methodology for scheduled demand; clarifying the timeline for submitting actual settlement quality meter data; including a process for determining metered demand if a scheduling coordinator doesn't timely replace estimated meter data with actual data; adding a timeline for responding to disputes; extending the interest provision to the entire settlements process; and clarifying the effectiveness of the current metering and settlement tariff provisions during the transition period.

The Commission directed the CAISO submit, within 30 days, a compliance filing consistent with the directives of the September 17 Order. The CAISO submits the instant filing to comply with those directives. This compliance filing also provides an update regarding a suggestion in intervenor comments to allow the early submission of wheeling out and wheeling through data and the steps the CAISO has taken to accommodate that suggestion coincident with the implementation of payment acceleration.

II. Discussion

A. Timeline For Submitting Actual Settlement Quality Meter Data

Section 10.3.6.1, *Timing of Settlement Quality Meter Data for Calculation of Initial Settlement Statement T+7B*, is a new tariff provision under the payment acceleration program. It requires scheduling coordinators to submit actual or estimated settlement quality meter data for the entities they represent no later the fifth business day after the trading day ("T+5B"). Section 10.3.6.2, *Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B*, which is also new tariff provision, requires scheduling coordinators to replace estimated meter data with actual meter data no later than forty-three calendar days after the trading day ("T+43C"). If a scheduling coordinator fails to submit the actual meter data by that deadline, the section provides that the CAISO will consider the information to be late and subject to sanctions pursuant to Section 37.5 of the Rules of Conduct in the CAISO tariff.

Comments by the Northern California Power Agency ("NCPA") requested the

⁴ On September 4, 2009, the CAISO filed a tariff amendment to reduce the maximum unsecured credit limit for market participants from the current level of \$150 million to \$50 million, in connection with the planned implementation of the payment acceleration program. *California Indep. Sys. Operator Corp.*, Docket No. ER09-1681-000.

⁵ September 17 Order at P. 11.

CAISO to clarify that a scheduling coordinator that timely submits actual settlement quality meter data no later than T+5B pursuant to Section 10.3.6.1 may still submit revised actual settlement quality meter data no later than T+43C pursuant to Section 10.3.6.2. The CAISO's answer agreed to the clarification.⁶ It was not the CAISO's intent in drafting these tariff provisions to prevent a scheduling coordinator from submitting revised actual data after T+5B.

The Commission accepted the proposed clarification in the September 17 Order and directed the CAISO to include the revision to Section 10.3.6.2 in its compliance filing. The CAISO has revised and clarified Section 10.3.6.2 in this filing.

B. Process For Determining Metered Demand

Another compliance requirement related to CAISO Tariff Section 10.3.6.2 involves the consequences of a scheduling coordinator's failure to replace estimated meter data with actual meter data no later than T+43C. Under Section 10.3.6.2(a), when the CAISO does not receive actual settlement quality meter data from a scheduling coordinator by T+43C, the data is considered late and subject to sanctions pursuant to the Section 37.5 of the Rules of Conduct of the CAISO tariff. Similarly, under Section 10.3.6.2(b), any scheduling coordinator estimated settlement quality meter data that is not replaced with actual settlement quality meter data by T+43C will be considered late, and the scheduling coordinator will be subject to sanctions pursuant to Section 37.5. As a final consequence, under Section 10.3.6.2(c), any CAISO estimated settlement quality meter data that is not replaced with actual settlement quality meter data by T+43C will be set to zero and not used in any subsequent Recalculation Settlement Statements.

In the September 17 Order, the Commission questioned the rationale underlying Section 10.3.6.2(c). In the Commission's view, setting CAISO estimated settlement quality meter data to zero after T+43C would provide an incentive for metered generation to submit actual data but would not serve as incentive for metered demand to submit its actual data. The Commission directed the CAISO revise Section 10.3.6.2(c) in this compliance filing to set forth the process by which metered demand will be determined, and appropriate charges collected, if a scheduling coordinator does not replace CAISO estimated settlement quality meter data with actual meter data by T+43C.

As part of the CAISO's existing settlement process, the CAISO has control activities in place where submitted demand meter data (by resource ID) is compared against scheduled demand (by resource ID). The CAISO produces an internal report, referred to as the Missing Measurement Report, on a daily basis to alert the CAISO to any meter data that is missing for a valid demand schedule prior to running the settlements re-calculation. The CAISO then takes proactive measures to ensure there is meter data submitted for the schedule. These steps may include directly contacting the scheduling coordinator to reinforce the requirement that the data be submitted. The

⁶ CAISO Answer at 7.

CAISO engages in this oversight even if there is a submittal of zero values, which may occur if demand/load is scheduled, but never materializes in real time. The CAISO believes that this process is currently successful in ensuring that meter data is submitted for demand and will be equally effective when used to monitor the replacement of CAISO estimated settlement quality meter data at T+43C under payment acceleration. The CAISO has therefore revised Section 10.3.6.2(c) to refer to these control activities and the Business Practice Manual (“BPM”) for Metering for further information about the process. The CAISO will revise the BPM to include this information through the change management process.

In addition, the CAISO has clarified Section 10.3.6.2(c) regarding the sanctions applicable to the failure to replace CAISO estimated settlement quality meter data with actual settlement quality meter data by T+43C. Existing Section 10.3.6.2(c) makes only general reference to sanctions under Section 37.5 of the Rules of Conduct in the CAISO tariff. As clarified, Section 10.3.6.2(c) now specifically states that a scheduling coordinator that does not submit the actual settlement quality meter data to replace the estimated data has failed to provide complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. Under that tariff provision, the monetary penalty will approximate 30 percent of the value of the inaccurate meter data if the error is identified by the Scheduling Coordinator and will approximate 75 percent of the inaccurate meter data if the error is identified by the CAISO. If the Scheduling Coordinator owes payment to the market because of the inaccurate meter data, the penalty is accretive. It will be added to the market adjustment that the Scheduling Coordinator owes. The CAISO has also conformed Sections 10.3.6.2(a) and (b) to this more specific language so the citations to the Rules of Conduct in those paragraphs are consistent with revised Section 10.3.6.2(c).

The CAISO submits that including information about the control process in Section 10.3.6.2(c) and greater specificity about the monetary penalty in Sections 10.3.6.2(a)(b) and (c) is consistent with the Commission’s directive. It will also make clear to market participants that the CAISO will actively monitor the submission of actual meter data at T+43C for receipt and timeliness and will pursue any failure comply, which may include assessment of a monetary penalty. This should serve as the incentive the Commission found missing from the initial proposal.

C. Estimation Methodology For Scheduled Demand

CAISO Tariff Section 11.1.5, *Settlement Quality Meter Data for Initial Settlement Statement T+7B*, is a new provision for payment acceleration. It authorizes the CAISO to estimate settlement quality meter data for any metered demand or generation from which it does not otherwise receive actual or scheduling coordinator estimated meter data for the Initial Settlement Statement T+7B calculation. Under Section 11.1.5(b), the CAISO’s estimate of settlement quality meter data for metered demand will be based on scheduled demand at the appropriate LAP. That value will be increased by 15 percent “if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than fifteen percent (15%) of the sum of the value of Scheduling Coordinator submitted metered demand, CAISO polled estimated Settlement quality

metered Demand, and Scheduled Demand for unsubmitted metered Demand at the fifth Business Day after the Trading Day (T+5B).”

The Commission found this language to be unclear. The Commission understood the intent of the language to mean that the CAISO, for purposes of its estimate, will increase a scheduling coordinator’s scheduled demand by 15 percent when total actual system demand in real-time exceeds total estimated metered demand by more than 15 percent. In the September 17 Order, the Commission directed the CAISO to revise Section 11.1.5 to conform to the Commission’s understanding or explain why a clarification is unnecessary.

The CAISO agrees with the Commission that the language in Section 11.1.5(b) is not as clear as it should be. The Commission is correct that it is intended to mean that the CAISO’s estimate of metered demand will be increased by 15 percent in those hours when total actual system demand in real time exceeded total estimated metered demand by more than 15 percent. This compliance filing includes a revision to clarify Section 11.1.5(b) consistent with the Commission’s understanding and directive.

D. Timeline For Responding To Disputes

In the Payment Acceleration Filing, the CAISO modified CAISO Tariff Section 11.29.8.5 to remove a requirement that the CAISO respond to settlement statement disputes no later than 25 business days after the dispute is received. The CAISO removed the requirement as unnecessary because (1) new CAISO Tariff Section 11.29.8.4 contains greatly expanded provisions on disputes under payment acceleration and (2) the CAISO proposed instead to include detailed process information and a timeline for the CAISO to respond to disputes in the appropriate BPM.⁷

In response to objections by Six Cities⁸ and Powerex, the Commission, in the September 17 Order, found that the maximum number of days the CAISO has to respond to a dispute is a key parameter in the settlement process that significantly affects rates, terms and conditions of service under the Commission’s rule of reason, and that should be included in the tariff itself. The Commission directed the CAISO to include in its compliance filing tariff revisions that specify the length of time within which the CAISO must respond to settlement disputes. The Commission acknowledged the 25 business day deadline in the existing tariff but stated that it will allow the CAISO to propose and justify the same or a different time period for the payment acceleration program.⁹

The CAISO has added Tariff Section 11.29.8.5 to set forth the timeline for the

⁷ CAISO Answer at 11-12.

⁸ The Six Cities are, collectively, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California.

⁹ September 17 Order at PP. 46-48.

CAISO to reach a determination on settlement statement disputes. For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, Section 11.29.8.5(a) requires the CAISO to reach a determination to approve or deny a settlement statement dispute, and provide electronic notice to the scheduling coordinator of the outcome of the dispute, no later than 20 business days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing party. In the event that the CAISO's determination results in an adjustment to payments and/or charges, Section 11.29.8.5(a) requires the CAISO in its notice to the disputing Scheduling Coordinator to identify the subsequent recalculation settlement statement expected to include the adjustment.

For a settlement statement dispute based on Recalculation Settlement Statement T+35M, Section 11.29.8.5(b) requires the CAISO to reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M in accordance with Section 11.29.8.4.5.

Section 11.29.8.5(c) provides an exception to the 20 business day timeline for complex disputes that may require additional time to resolve and for matters where the disputing party agrees to an extension. Section 11.29.8.5(c) describes complex disputes as those that involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing party or a third party. Only a limited number of the disputes the CAISO receives will fall into this category. The CAISO will have the sole discretion to designate a complex dispute and will advise the scheduling coordinator within 20 business days after the end of the dispute period if a dispute falls into this category. Section 11.29.8.5(c) requires the CAISO to make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) an Initial Settlement Statement T+7B, a Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B no later than 15 months after the trading day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M no later than 15 months after the trading day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

The CAISO submits that this dispute resolution timeline is reasonable and satisfies the Commission requirements. The proposed timeline will result in a determination being made for the vast majority of disputes within 20 business days of the end of the dispute period for that settlement statement. It also provides a realistic period of time for the CAISO to research and evaluate typical disputes. The dispute resolution timeline may be a rate, term or condition of service to be included in the tariff, but it should not serve as incentive to "rush to judgment" in order to avoid a tariff

violation. It will additionally provide the CAISO with the opportunity to identify and handle together similar issues arising from the same settlement statement. An earlier deadline, or one based on the date the dispute is submitted, would cause such disputes to be resolved at different times and would not promote consistent treatment.

Allowing longer time to process complex disputes will ensure that the CAISO has adequate time to research, consider, and properly resolve the most complicated issues. This approach strikes a reasonable balance between the disputing party's interest in a quick outcome and the CAISO's need for sufficient time for research and deliberation of highly complex issues with broad ramifications. Further, with the introduction of an interest component throughout the settlement process under payment acceleration, the scheduling coordinator submitting a complex dispute will be compensated for the time value of money on adjustments that result from the matter.

At present, the number of disputes submitted in the months following deployment of the new markets is nearly 10 times higher than in previous months. The CAISO expects that the volume of disputes will decline over time as the root causes of valid disputes are addressed and information about other issues is provided to market participants. In the meantime, the CAISO believes the proposed dispute resolution timeline can be achieved with existing staff and resources, without increasing costs passed on to the market.

For these reasons, the CAISO maintains that the provisions it proposes in Section 11.29.8.5 are just and reasonable, and consistent with the September 17 Order. The CAISO requests that the Commission adopt these provisions.

E. Interest

The CAISO's Payment Acceleration Filing added Section 11.29.10.2 to the tariff to apply interest to deviations through Recalculation Settlement Statement T+76B. The CAISO proposed the interest provision to compensate scheduling coordinators for the time value of money and to remove the financial incentive for scheduling coordinators to submit unreasonable estimates of meter data by assessing interest on the differences between estimated and actual meter data. The CAISO limited the application of interest to only deviations from Initial Settlement Statement T+7B to Recalculation Settlement Statement T+38B, and from Recalculation Settlement Statement T+38B to Recalculation Settlement Statement T+76B, to align the assessment of interest with the use of estimated meter data in calculating these statements.

Based on objections by Southern California Edison Company ("SCE") and Six Cities, the Commission found that the objective of compensating scheduling coordinators for the time value of money extends throughout the settlement process and does not end after Recalculation Settlement Statement T+76B. The Commission, accordingly, directed the CAISO to revise the interest provision to allow interest to accrue on incremental changes throughout the 36-month settlement process.¹⁰ The

¹⁰ September 17 Order at P. 53.

CAISO's compliance filing modifies Section 11.29.10.2 to implement that directive.

F. Notice Period for Non-Routine Invoices

Section 11.29.10 of the currently effective tariff requires that the CAISO publish a market notice at least 30 days in advance of issuing a non-routine invoice or payment advice. In the Payment Acceleration Filing, the CAISO proposed to delete the advance notice requirement from renumbered Section 11.29.10.3 in order to allow the items covered by that provision to be more quickly settled, consistent with the objectives of payment acceleration. In response to comments by Six Cities in favor of retaining the notice requirement, the CAISO's answer proposed to revise Section 11.29.10.3 to reinstate an advance notice requirement but shorten it to five business days.¹¹

The September 17 Order found that providing a market notice at least five business days prior to a non-routine invoice or payment advice is reasonable and directed the CAISO to revise Section 11.29.10.3 to include that requirement.¹² This compliance filing amends Section 11.29.10.3 consistent with the Commission's directive.

G. Wheeling Out and Wheeling Through Data

Currently, CAISO Tariff Section 26.1.4.4 requires scheduling coordinators for wheeling out and wheeling through transactions to a bulk supply point, or other point of interconnection between the CAISO control grid and the transmission system of a non-participating transmission owner, that are located within the CAISO balancing authority area, to submit data for the transactions within five days of the end of the month. In comments on the CAISO's Payment Acceleration Filing, NCPA suggested that this section be modified to align the submission of data for wheeling out and wheeling through transactions with the new timelines for submitting settlement quality meter data under the payment acceleration provisions.

NCPA's suggestion that the timelines be modified for submitting data for wheeling out and wheeling through transactions was raised for the first time in its intervention in this proceeding. NCPA did not question the timelines for submitting wheeling data during the lengthy stakeholder process for payment acceleration, nor did the CAISO propose to amend Section 26.1.4.4 in its Payment Acceleration Filing.

In its answer, to NCPA's comments, the CAISO agreed with NCPA that requiring a more frequent submission rate than monthly submission of data for the assessment of wheeling access charges would be more consistent with the submittal of meter data under payment acceleration. At the time the answer was filed, however, the CAISO had not had sufficient time to adequately analyze the appropriateness and ramifications of

¹¹ CAISO Answer at 16-17.

¹² September 17 Order at P. 66.

changing the timelines for submitting wheeling out and wheeling through data, discuss the implications of the proposed change with other affected scheduling coordinators, or analyze its own system in order to determine what configuration modifications would be needed to accommodate the change. The CAISO represented that it would endeavor to obtain feedback from the affected scheduling coordinators, and complete its own system analysis, by the end August 2009.¹³ The Commission accepted this commitment in the September 17 Order.¹⁴

The CAISO has completed these activities. It has discussed the suggestion and obtained feedback from the affected scheduling coordinators, who for the most part support earlier submission of the data but would prefer to delay that change until after payment acceleration is successfully implemented. The CAISO has also reviewed its systems and determined that earlier data submission if feasible through a manual process on an interim basis.

Based on this review, the CAISO will accommodate daily submission of wheeling out and wheeling through data beginning on November 1, 2009, at the option of each non-participating transmission owner. For each non-participating transmission owner that elects to participate in the early submission of this data, the CAISO will accept the submission of its load data in the same manner as currently submitted, except on a daily rather than a monthly basis. The CAISO will manually process the data for settlement purposes. Since CAISO Tariff Section 26.1.4.4 allows for wheeling out and wheeling through data to be submitted within five days of the end month, a tariff modification is not needed to implement this process change. The existing tariff language allows for data submission earlier than five days after the end of the month, but not later than that deadline. For those scheduling coordinators that do not want to submit the data daily, the current monthly process will remain in effect.¹⁵

Ultimately, the CAISO will move to an automated process that will utilize the existing application to accept and process the data. There is insufficient time, however, for necessary system changes to be in place by the November 1, 2009 start date for payment acceleration.

H. Transitional Tariff Language

As proposed by the CAISO and approved by the Commission, the payment acceleration provisions will apply to trading days beginning with the effective date of November 1, 2009. Transactions for trading days prior to that effective date will continue to be settled under the terms of the currently effective metering and settlement provisions of the CAISO tariff, Sections 10 and 11. To allow the existing provisions to

¹³ CAISO Answer at 9-11.

¹⁴ September 17 Order at P. 28.

¹⁵ For further information, please see the whitepaper posted on the CAISO's website at the following link: <http://www.aiso.com/2431/2431ceba2e400.pdf>

remain in effect during the transitional period, the CAISO's payment acceleration filing incorporated them into a separate Appendix H. The CAISO's June 4, 2009 errata filing changed the effective date for payment acceleration from October 1 to November 1 but, as noted by SCE, did not make a corresponding change to the trading days to which Appendix H will apply. The CAISO's answer in this matter agreed to revise Appendix H to reflect date change.¹⁶

In the September 17 Order, the Commission directed the CAISO to revise Appendix H to make clear that it applies the metering and settlement provisions of the currently effective CAISO Tariff to all market transactions that occur prior to the November 1, 2009 effective date for payment acceleration.¹⁷ The CAISO's compliance filing revises Appendix H to include the required clarification.

III. Materials Provided in the Instant Compliance Filing

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

Attachment A Clean sheets incorporating the red-lined changes contained in Attachment B

Attachment B Red-lined changes to the Tariff to implement the revisions contained in this filing

IV. Effective Date

The CAISO requests that the Commission approve this compliance filing as submitted to be effective on November 1, 2009 coincident with the implementation of payment acceleration.

¹⁶ CAISO Answer at 17.

¹⁷ September 17 Order at P. 70.

V. Conclusion

The CAISO respectfully requests that the Commission accept the instant filing as complying with the directives of the September 17 Order.

Respectfully submitted,



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Attachment A – Clean Sheets
Payment Acceleration Compliance Filing
Fourth Replacement CAISO Tariff
ER09-1247-001
October 19, 2009

10.3.6.1 Timing of Settlement Quality Meter Data Submission for Calculation of Initial Settlement Statement T+7B.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than noon on the fifth Business Day after the Trading Day (T+5B) for the Initial Settlement Statement T+7B calculation.

- (a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.
- (b) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity within five (5) Business Days from the Trading Day (T+5B), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in the Initial Settlement Statement T+7B calculation, as provided in Section 11.1.5.

10.3.6.2 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-third (43) calendar day after the Trading Day (T+43C) for the Recalculation Settlement Statement T+38B. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+7B pursuant to Section 10.3.6.1 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+38B no later than the forty-third (43) calendar day after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-three (43) calendar days after the Trading Day (T+43C), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.
- (c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

10.3.6.3 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statements after the Recalculation Settlement Statement T+38B.

Scheduling Coordinators may continue to submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statements subsequent to the Recalculation Settlement Statement T+38B according to timelines established in the CAISO Payment Calendar.

- (b) CAISO Estimated Settlement Quality Meter Data for metered Demand will be based on Scheduled Demand by the appropriate LAP. This value will be increased by fifteen percent (15%) if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than fifteen percent (15%) of total estimated metered demand. Total estimated metered demand is the sum of the value of Scheduling Coordinator submitted metered Demand, CAISO polled estimated Settlement quality metered Demand, and Scheduled Demand for unsubmitted metered Demand at the fifth (5) Business Day after the Trading Day (T+5B). CAISO Estimated Settlement Quantity Meter Demand for Participating Load will not be increased by fifteen percent (15%).

11.2 Settlement of Day-Ahead Market Transactions.

All transactions in the IFM and RUC as specified in the Day-Ahead Schedule, AS Awards and RUC Awards, respectively, are financially binding and will be settled based on the Day-Ahead LMP, ASMP or RUC Price for the relevant Location for the specific resource identified in the Bid. The CAISO will settle the costs of Demand, capacity, Energy and Ancillary Services as separate Settlement charges and payments for each Settlement Period of the Day-Ahead Schedule, Day-Ahead AS Award or RUC Award, as appropriate.

The CAISO shall make a determination on such a request within five (5) Business Days of receipt. To preserve its right to dispute an item, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must continue to raise a dispute or report an exception until it is notified by the CAISO that the CAISO agrees to treat the dispute or exception as recurring. If the CAISO grants a request to treat a dispute or exception as recurring, the dispute raised or exception reported by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to apply to every subsequent Initial Settlement Statement T+7B and Recalculation Settlement Statement provided to the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO from the date that the CAISO grants the request for recurrent treatment until: a) ninety (90) days have elapsed, unless the CAISO indicates a different expiration date on its response to the request, in which case the expiration date shall be as stated by the CAISO in its response or b) the dispute or exception is resolved, whichever is shorter. The CAISO may deny a request that the CAISO treat a dispute as recurring for any valid reason, including because the request is not adequately specific as to the basis for recurring treatment or the subsequent calculations that will be affected.

11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes.

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than twenty (20) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling

Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.

- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.
- (c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within twenty (20) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or a complex dispute resulting from (i) an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

11.29.8.7 Payment Pending Dispute.

Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO which receives an Invoice or Payment Advice shall pay any net debit and shall be entitled to receive any net credit shown in the Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit. The provisions of Section 13 shall apply to the disputed amount.

11.29.9 Payment Procedures.

11.29.9.1 All Payments to Be Made Through the CAISO.

All Scheduling Coordinators, CRR Holders, Black Start Generators, and Participating TOs shall discharge their obligations to pay the amounts owed by them and shall receive payments of all amounts owed to them under this CAISO Tariff only through the CAISO.

11.29.9.2 CAISO Accounts to be Established.

The CAISO is authorized to establish and maintain bank accounts held in trust for Market Participants and obtain lines of credit and other banking facilities (not exceeding an aggregate amount set by the CAISO Governing Board) necessary for the operation of its Settlement and billing procedures. Unless

11.29.10.1 Billing Periods.

Each Invoice or Payment Advice will include one (1) semi-monthly billing period and up to five (5) other billing periods. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled semi-monthly Invoice or Payment Advice for the end of the month. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.

11.29.10.2 Interest.

Interest will be applied to any Incremental Changes through Recalculation Settlement Statement T+36M. Interest will be calculated separately for the billing period from the first to the fifteenth day of the month and for the billing period from the sixteenth to the last of day of the month. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

11.29.10.3 Other Invoicing Provisions.

The Invoices or Payment Advices will also include the total charges for each component of the Grid Management Charge, the total charges associated with any Interest for each relevant Trading Month, the FERC Annual Charges due monthly, as well as any disbursements associated with a shortfall receipt distribution.

A separate Invoice for the FERC Annual Charges due annually will be issued by the CAISO to the Scheduling Coordinator in accordance with Section 11.19.1.2. The CAISO will issue separate Invoices for NERC/WECC Charges as described in Section 11.20.

A separate Invoice for a shortfall allocation will be issued by the CAISO to Scheduling Coordinators in the event of a payment default in accordance with Section 11.29.17.1.

Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities. The CAISO shall provide a Market Notice at least five (5) Business Days prior to such invoicing identifying the components of such Invoice or Payment Advice.

11.29.10.4 Emergency Procedures.

11.29.10.5 Use of Estimated Data.

In the event of an emergency or a failure of any of the CAISO software or business systems, the CAISO may use estimated Settlement Statements and Invoices and Payment Advices and may implement any temporary variation of the timing requirements relating to the Settlement and billing process contained in the CAISO Tariff. Details of the variation and the method chosen to produce estimated data, Settlement Statements and Invoices and Payment Advices will be published on the CAISO Website.

11.29.10.6 Payment of Estimated Statements and Invoices.

When estimated Settlement Statements and Invoices or Payment Advices are issued by the CAISO, payments between the CAISO and Market Participants shall be made on an estimated basis and the necessary corrections shall be made by the CAISO as soon as practicable. The corrections will be reflected as soon as practicable in later Settlement Statements and Invoices and Payment Advices issued by the CAISO. Failure to make such estimated payments shall result in the same consequences as a failure to make actual payments.

11.29.10.7 Validation and Correction of Estimated Statements and Invoices.

The CAISO shall use its best efforts to verify the estimated data and to make the necessary corrections as soon as practicable. The corrections will be reflected as soon as practicable in later Settlement Statements and Invoices and Payment Advices issued by the CAISO.

CAISO TARIFF APPENDIX H
GRANDFATHERED METERING AND SETTLEMENT PROVISIONS FOR TRADING DAYS
PRIOR TO NOVEMBER 1, 2009

1. Grandfathering of Metering and Settlement Provisions for Trading Days Prior to November 1, 2009.

Notwithstanding any other provisions of the CAISO Tariff the following provisions shall apply to transactions conducted prior to November 1, 2009. In all other respects, the CAISO Tariff, including the provisions of Section 10 and Section 11 not covered by this Appendix O, will apply to transactions that occurred prior to November 1, 2009.

10.3.6 Timing of Meter Data Submission.

Scheduling Coordinators shall submit either hourly time-stamped Settlement Quality Meter Data for Scheduling Coordinator Metered Entities or profiled cumulative Settlement Quality Meter Data to the CAISO for each Settlement Period in an Operating Day according to the timelines established in the CAISO Payments Calendar and as provided in the applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data on demand as provided in the applicable Business Practice Manual.

11.1.4 Calculations of Settlements.

The CAISO shall calculate, account for and settle, based on the Settlement Quality Meter Data it has received, or, if Settlement Quality Meter Data is not available, based on the best available information or estimate it has received, the following charges in accordance with this CAISO Tariff.

11.29 Billing and Payment Process.

The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, 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 charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Initial Settlement Statement T+38BD, Initial Settlement Statement Reissue, Recalculation Settlement Statement and the Recalculation Settlement Statement T+76BD that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO. The components of the Grid Management Charge will be included in the Initial Settlement Statement T+38BD, Initial Settlement Statement Reissue, Recalculation Settlement Statement and the Recalculation Settlement Statement T+76BD with the other types of charges referred to in Section 11, but a separate Invoice for the Grid Management Charge, stating the rate, billing determinant volume, and total charge for each of its components, will be issued by the CAISO to the Scheduling Coordinator.

11.29.1 The billing and payment process shall be based on the issuance of Initial Settlement Statement T+38BD, Initial Settlement Statement Reissue, Recalculation Settlement Statement and the Recalculation Settlement Statement T+76BD for each Settlement Period in each Trading Day.

Attachment B – Blacklines
Payment Acceleration Compliance Filing
Fourth Replacement CAISO Tariff
ER09-1247-001
October 19, 2009

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10.3.6.2 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B.

Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-third (43) calendar day after the Trading Day (T+43C) for the Recalculation Settlement Statement T+38B. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+7B pursuant to Section 10.3.6.1 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+38B no later than the forty-third (43) calendar day after the Trading Day pursuant to this Section.

- (a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-three (43) calendar days after the Trading Day (T+43C), the ~~Settlement Quality Meter Data will be considered late~~ Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to sanctions-monetary penalty pursuant to Section 37.5.2.2.
- (b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be considered late and subject to ~~sanctions-monetary penalty~~ pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.
- (c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a Recalculation Settlement Statement calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with

Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.

* * *

11.1.5 Settlement Quality Meter Data for Initial Settlement Statement T+7B Calculation.

The CAISO's Initial Settlement Statement T+7B shall be based on the Settlement Quality Meter Data (actual or Scheduling Coordinator estimated) received in SQMDS. In the event Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received from a Scheduling Coordinator or CAISO Metered Entity, the CAISO will estimate Settlement Quality Meter Data for that outstanding metered Demand or Generation for the Initial Settlement Statement T+7B calculation.

- (a) CAISO Estimated Settlement Quality Meter Data for metered Generation will be based on total Expected Energy and dispatch of that resource as calculated in the Real-Time Market and as modified by any applicable corrections to the Dispatch Operating Point for the resource.
- (b) CAISO Estimated Settlement Quality Meter Data for metered Demand will be based on Scheduled Demand by the appropriate LAP. This value will be increased by fifteen percent (15%) if the total actual system Demand in Real Time, as determined by the CAISO each hour, is greater than fifteen percent (15%) of the total estimated metered demand. Total estimated metered demand is the sum of the value of Scheduling Coordinator submitted metered Demand, CAISO polled estimated Settlement quality metered Demand, and Scheduled Demand for unsubmitted metered Demand at the fifth

(5) Business Day after the Trading Day (T+5B). CAISO Estimated Settlement Quantity Meter Demand for Participating Load will not be increased by fifteen percent (15%).

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11.29.8.5 ~~[NOT USED]~~ CAISO Timeline for Determining Settlement Statement Disputes.

The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:

- (a) For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than twenty (20) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.
- (b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.
- (c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing

Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within twenty (20) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or a complex dispute resulting from (i) an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.

11.29.8.6 ~~CAISO Contact.~~

~~If the CAISO does not agree with the amount claimed or if it requires additional information, it shall make reasonable efforts (taking into account the time it received the notice of dispute and the complexity of the issue involved) to contact the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to resolve the issue before issuing a Recalculation Settlement Statement. If it is not possible to contact the relevant party, the CAISO shall issue the Recalculation Settlement Statement without taking into account the dispute notice.~~

* * *

11.29.10.2 **Interest.**

~~Interest will be applied to any deviations~~ Incremental Changes ~~through the second Recalculation Settlement Statement~~ Recalculation Settlement Statement T+736BM. Interest will be calculated separately for the billing period from the first to the fifteenth day of the month and for the billing period from the sixteenth to the last of day of the month. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.

11.29.10.3 **Other Invoicing Provisions.**

The Invoices or Payment Advices will also include the total charges for each component of the Grid Management Charge, the total charges associated with any Interest for each relevant Trading Month, the FERC Annual Charges due monthly, as well as any disbursements associated with a shortfall receipt distribution.

A separate Invoice for the FERC Annual Charges due annually will be issued by the CAISO to the Scheduling Coordinator in accordance with Section 11.19.1.2. The CAISO will issue separate Invoices for NERC/WECC Charges as described in Section 11.20.

A separate Invoice for a shortfall allocation will be issued by the CAISO to Scheduling Coordinators in the event of a payment default in accordance with Section 11.29.17.1.

Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities. The CAISO shall provide a Market Notice at least five (5) Business Days prior to such invoicing identifying the components of such Invoice or Payment Advice.

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CAISO TARIFF APPENDIX H

GRANDFATHERED METERING AND SETTLEMENT PROVISIONS FOR TRADING DAYS

PRIOR TO ~~OCTOBER~~ NOVEMBER 1, 2009

1. **Grandfathering of Metering and Settlement Provisions for Trading Days Prior to ~~October~~ November 1, 2009.**

Notwithstanding any other provisions of the CAISO Tariff the following provisions shall apply to transactions conducted prior to ~~October~~ November 1, 2009. In all other respects, the CAISO Tariff, including the provisions of Section 10 and Section 11 not covered by this Appendix O, will apply to transactions that occurred prior to ~~October~~ November 1, 2009.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned docket, in accordance with the requirements of Rule 2010 of the Commission Rules of Practice and Procedure (18 C.F.R. §385.2010).

Dated this 19th day of October, 2009 at Washington, DC.



Daniel Klein