

SETTLEMENT AND BILLING PROTOCOL (SABP)

SABP 1 OBJECTIVES, DEFINITIONS AND SCOPE

SABP 1.1 Objectives

The objective of this Protocol (and of Annex 1) is to inform Scheduling Coordinators, Participating TOs and Operators of Reliability Must-Run Units of the manner in which the charges referred to in Section 11.1.6 of the ISO Tariff shall be calculated and settled and of the procedures regarding the billing, invoicing and payment of these charges.

SABP 1.2 Definitions

SABP 1.2.1 Master Definitions Supplement

~~Unless the context otherwise requires, a~~Any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this Protocol. A reference to a Section is to a Section of the ISO Tariff. References to SABP are to this Protocol or to the stated paragraph of this Protocol. References to Annex 1 are to Annex 1 of this Protocol.

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SABP 1.2.4 Time

All references to time are references to prevailing Pacific ~~Standard~~ Time.

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SABP 2 OVERVIEW OF SETTLEMENT AND BILLING PROCESS

SABP 2.1 Settlement Software

The ISO settlement software shall be audited by an independent firm of auditors competent to carry out audits of such software to determine its consistency with this Protocol and the ISO Tariff. In any dispute regarding Settlement calculations, a certificate of such firm of auditors that the ISO software is consistent with the ISO Tariff shall be prima facie proof that the charges shown in a Settlement Statement have been calculated in a method consistent with the ISO Tariff and this Protocol. [Nothing in this section will be deemed to establish the burden of proof with respect to Settlement calculations in any proceeding.](#)

SABP 2.2 ISO Accounts

SABP 2.2.1 Costs Associated with the ISO Trust Accounts

The ISO is authorized to establish and maintain bank accounts held on trust for Market Participants and obtain lines of credit and other banking facilities (not exceeding an aggregate amount set by the ISO Governing Board) necessary for the operation of its Settlement and billing procedures. Unless otherwise specified in this Protocol the ISO will recover all costs incurred in connection with ISO banking facilities through the Grid Management Charge.

SABP 2.2.2 Location of the ISO Accounts

The ISO will maintain its bank accounts held on trust at a bank in California approved by the ISO Governing Board.

SABP 2.2.3 ISO Trust Accounts

The ISO will open and operate the following accounts which it will hold on trust for Market Participants:

- (a) the ISO Clearing Account to and from which payments are made pursuant to Section 11.8.2.1 of the ISO Tariff and SABP 6.3.1;
- (b) the ISO Reserve Account from which any debit balances on the ISO Clearing Account at the close of banking business are settled pursuant to Section 11.8.2.2 of the ISO Tariff and SABP 6.4; and
- (c) the ISO Surplus Account consistent with Section 11.8.2.3 of the ISO Tariff and SABP 6.5.

The ISO may establish additional trust accounts as necessary to implement the Settlement and billing procedures outlined in this

Protocol. It shall notify the Market Participants of the establishment of such accounts through the WEnet.

SABP 2.2.4 The ISO Clearing Account

Subject to SABP 6.1.2, ISO Debtors shall make all payments of ISO invoices by Fed-Wire to the ISO Clearing Account by 10:00 am on the due date according to the ISO Payments Calendar.

SABP 2.2.5 The ISO Reserve Account

The ISO shall operate the ISO Reserve Account as a trust account as follows:

- (a) the proceeds of drawings under any line of credit or other credit facility of the ISO Reserve Account shall be held on trust for ISO Creditors;
- (b) if the Reserve Account is replenished as provided for in SABP 6.9, any credits shall be held on trust for all ISO Creditors.

SABP 2.2.6 Accounts of the SCs and Participating TOs

Each Scheduling Coordinator and each Participating TO shall establish and maintain a Settlement Account at a commercial bank located in the United States and reasonably acceptable to the ISO which can effect money transfers via Fed-Wire where payments to and from the ISO Clearing Account shall be made in accordance with this Protocol. Scheduling Coordinators may, but will not be required to, maintain separate accounts for receipts and payments.

Each Scheduling Coordinator shall notify the ISO of its account details and of any changes to those details in accordance with the provisions of its SC Agreement. Participating TOs will notify the ISO of their Settlement Account details in accordance with Section 2.2.1 of their Transmission Control Agreement and may notify the ISO from time to time of any changes by giving at least 7 days written notice before the new account becomes operational.

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SABP 3 COMPUTATION OF CHARGES

SABP 3.1 Description of Charges to be Settled

The ISO shall, based on the Settlement Quality Meter Data it has received, calculate the following:

- (a) the amount due from each Scheduling Coordinator for its share for the relevant month of the Grid Management Charge

in accordance with Appendix A. This Charge shall accrue on a monthly basis.

- (b) the amount due from each Scheduling Coordinator for the Grid Operations Charge in accordance with Appendix B for each of the Settlement Periods of Day 0.
- (c) the amount due from and/or owed to each Scheduling Coordinator for the Charge for each Ancillary Service in accordance with Appendix C, for each of the Settlement Periods of Day 0.
- (d) the amount due from and/or owed to each Scheduling Coordinator for Imbalance Energy in accordance with Appendix D, for each of the Settlement Periods of Day 0.
- (e) the amount due from and/or owed to each Scheduling Coordinator for Usage Charges in accordance with Appendix E, for each of the Settlement Periods of Day 0.
- (f) the amount due from each Scheduling Coordinator for Wheeling Out and Wheeling Through Charges and the amount owed to each Participating TO for these charges in accordance with Appendix F, for each of the Settlement Periods of Day 0.
- (g) the amounts due from/to Scheduling Coordinators for Voltage Support (supplemental reactive power charges) for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (h) the monthly charges due from/to Scheduling Coordinators for long term voltage support provided by Owners of Reliability Must-Run Units in accordance with Appendix G.
- (i) the amounts due from/to Scheduling Coordinators for the provision of Black Start Energy from Reliability Must-Run Units for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (j) the amounts due from/to Black Start Generators for the provision of Black Start Energy for each of the Settlement Periods of Day 0 in accordance with Appendix G.

The ISO shall calculate these amounts using the software referred to in SABP 2.1 except in cases of system breakdown when it shall apply the procedures set out in SABP 9 (Emergency Procedures).

SABP 3.1.1

Additional Charges and Payments

The ISO shall be authorized to levy additional charges or payments as special adjustments in regard to:

- (a) amounts required to round up any invoice amount expressed in dollars and cents to the nearest whole dollar amount in order to clear the ISO Clearing Account. These

charges will be allocated amongst Scheduling Coordinators over an interval determined by the ISO and pro rata based on metered Demand (including exports) during that interval;

- (b) amounts in respect of penalties which may be levied by the ISO in accordance with the ISO Tariff. These charges will be levied on the Market Participants liable for payment of the penalty; and
- (c) amounts required to reach an accounting trial balance of zero in the course of the Settlement process in the event that the charges calculated as due from ISO Debtors are lower than payments calculated as due to the ISO Creditors for the same Trading Day. These charges will be allocated amongst the Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh of Energy for that Trading Day. In the event that the charges due from ISO Debtors are higher than the payments due to ISO Creditors, the ISO shall allocate a payment to the Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh of Energy for that Trading Day.
- (d) amounts required with respect to payment adjustments for regulating Energy as calculated in accordance with Section 2.5.27.1 of the ISO Tariff. These charges will be allocated amongst the Scheduling Coordinators who traded on that Trading Day pro rata to their metered Demand (including exports) in MWh for that Trading Day.

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