



“interconnected” to the ISO Controlled Grid, the ISO cannot schedule transactions over those facilities. As a result, they are not integrated.

Some intervenors recommend that PG&E’s TO Tariff rate be based on PG&E’s traditional subfunctional methodology instead of the rolled-in methodology proposed by PG&E. The ISO does not have a position on the merits of the use of either a rolled-in or subfunctional methodology. The ISO does have a concern about the ISO’s ability to implement such a methodology.

Currently, under the ISO Tariff, the ISO collects Wheeling Access Charges for Wheeling Through and Wheeling Out transactions. The ISO determines the applicable Wheeling Access Charge for each Wheeling Through and Wheeling Out transaction based on the point at which the power exits the ISO Controlled Grid. Under PG&E’s historical subfunctional methodology, the ISO would be required to know the contract path of a transaction. The ISO’s systems, however, cannot currently accommodate or provide for Scheduling Coordinators to input point of receipt information. There may, however, be variants of the subfunctional methodology that could be implemented with the ISO’s current software.

The ISO has initiated a stakeholder process to examine possible alternative rate methodologies for the Access Charge. It is impractical and would be prohibitively costly for the ISO to implement software changes to accommodate a specific Access Charge for PG&E and then decide in one year that another Access Charge, based on a methodology agreed to by all stakeholders in California, should be implemented in its place.

FERC Trial Staff proposed rebilling PG&E’s Ancillary Service Rates according to unit - specific cost-based bid caps, since PG&E must specify which generating units are to provide the Ancillary Service when it bids into the ISO’s Ancillary Service auctions. Although the ISO has no opinion on the proper rate development of PG&E’s cost-based bid caps, the ISO is concerned that the

FERC Trial Staff's proposal would require the ISO to rerun its Ancillary Service markets for the time period in question and rebill these services. The effort will require an enormous dedication of the ISO's resources. It would require approximately four person-months to rerun the market and four person-months for the ISO to rerun the settlements process.