

Existing Contracts

The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

Existing Rights

Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

Facilities Study Agreement

An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.

Facility Owner

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

Facility Study Agreement

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.

Facility Thermal Ratings

For all electric current carrying facilities, all applicable capacity or electric limits to be observed during normal, short-term emergencies, and long-term emergency operating conditions.

FERC

The Federal Energy Regulatory Commission or its successor.

FERC Annual Charges

Those charges assessed against a public utility by the FERC pursuant to 18 C.F.R. § 382.201 and any related statutes or regulations, as they may be amended from time to time.

**FERC Annual Charge
Recovery Rate**

The rate to be paid by Scheduling Coordinators for recovery of FERC Annual Charges assessed against the ISO for transactions on the ISO Controlled Grid.

**FERC Annual Charge
Trust Account**

An account to be established by the ISO for the purpose of maintaining funds collected from Scheduling Coordinators for FERC Annual Charges and disbursing such funds to the FERC.

Final Day-Ahead Schedule

The Day-Ahead Schedule which has been approved as feasible and consistent with all other Schedules by the ISO based upon the ISO's Day-Ahead Congestion Management procedures.

- Order No. 889** The final rule issued by FERC entitled "Open Access Same-Time Information System (formerly Real Time Information Networks) and Standards of Conduct," 61 Fed. Reg. 21,737 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶¶ 31,035 (1996), Order on Rehearing, Order No. 889-A, 78 FERC ¶¶ 61,221 (1997), as it may be amended from time to time.
- Original Participating TO** A Participating TO that was a Participating TO as of January 1, 2000.
- Outage** Disconnection or separation, planned or forced, of one or more elements of an electric system.
- Overgeneration** A condition that occurs when total Generation exceeds total Demand in the ISO Control Area.
- Participating Buyer** A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.
- Participating Load** An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.
- Participating Seller or Participating Generator** A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or Imbalance Energy through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.

Wheeling Out

Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4, the use of the ISO Controlled Grid for the transmission of Energy from a Generating Unit located within the ISO Controlled Grid to serve a Load located outside the transmission and distribution system of a Participating TO.

Wheeling Through

Except for Existing Rights exercised under an Existing Contract in accordance with Sections 2.4.3 and 2.4.4, the use of the ISO Controlled Grid for the transmission of Energy from a resource located outside the ISO Controlled Grid to serve a Load located outside the transmission and distribution system of a Participating TO.

Wholesale Customer

A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.

Wholesale Sales

The sale of Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.

WSCC (Western System Coordinating Council)

The Western Systems Coordinating Council or its successor.

WSCC Reliability Criteria Agreement

The Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999 among the WSCC and certain of its Member transmission operators, as such may be amended from time to time.

Zone

A portion of the ISO Controlled Grid within which Congestion is expected to be small in magnitude or to occur infrequently.
"Zonal" shall be construed accordingly.

Imbalance Energy Charges

Rates for Imbalance Energy will be calculated in accordance with the formula in ISO Tariff Section 11.2.4.1.

Replacement Reserve Charge

The Replacement Reserve Charge will be calculated in accordance with ISO Tariff Sections 2.5.28.4 and 11.2.4.1.

Unaccounted for Energy

Rates for UFE will be calculated in accordance with ISO Tariff Section 11.2.4.1.

Transmission Losses Imbalance Charges

Transmission Losses for each hour will be calculated in accordance with ISO Tariff Sections 7.4.2.

Access Charges

The High Voltage Access Charge and Transition Charge is set forth in ISO Tariff Schedule 3 of Appendix F. The Low Voltage Access Charge of each Participating TO is set forth in that Participating TO's TO Tariff or comparable document.

Usage Charges

The amount payable by Scheduling Coordinators is determined in accordance with ISO Tariff Section 7.3.1.4.1. Usage Charges will be calculated in accordance with ISO Tariff Section 7.3.1.

Default Usage Charge

The Default Usage Charge will be used in accordance with ISO Tariff Section 7.3.1.3.

Grid Operations Charge for Intra-Zonal Congestion

Intra-Zonal Congestion during the initial period of operation will be managed in accordance with ISO Tariff Sections 7.2.6.2 and 7.2.6.3

Wheeling Access Charges

The Wheeling Access Charge for transmission service is set forth in Section 7.1.4.1 of the ISO Tariff and Appendix II of the TO Tariffs.

Charge for Failure to Conform to Dispatch Instructions

The Charge for Failure to Conform to Dispatch Instructions will be determined in accordance with ISO Tariff Section 2.5.22.11.

Reliability Must-Run Charge

The Reliability Must-Run Charge will be determined in accordance with ISO Tariff Section 5.2.7.

FERC Annual Charge Recovery Rate

The FERC Annual Charge Recovery Rate will be determined in accordance with ISO Tariff Section 7.5.

Gross Load data and other information required by the FERC to support the Access Charges. The Participating TO will provide a copy of its filing to the ISO.

- 9.2** If the Participating TO is not subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act, the Participating TO shall at its sole option: (1) file its High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO directly with the Commission in accordance with the rules and requirements established by the Commission; or (2) submit to the ISO its Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO, and the ISO shall publish such submission on the ISO Home Page. For the second option, the High Voltage and Low Voltage Transmission Revenue Requirement shall be submitted in a format and supported by information that substantially follows the FERC requirement for Transmission Revenue Requirement submissions or reconciles major differences in format. If, within 60 days of publication of such submission, the ISO does not raise an objection with the Participating TO, and no affected party raises an objection by written notification to the ISO and the Participating TO, the Transmission Revenue Requirement shall be accepted as submitted. If an objection is raised, the ISO will convene a meeting, the objective of which will be to achieve agreement over the Participating TO's TRR, applying, to the extent practicable, the guidelines and rulings of the FERC applicable to the determination of the TRR of

Participating TOs that are subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. If the ISO determines that a consensual resolution is unlikely, it will so notify the Participating TO and the dispute shall be submitted to a Revenue Review Panel established by the ISO for resolution of the just and reasonable TRR of the Participating TO. The Revenue Review Panel shall consist of three individuals with substantial experience in the establishment of unbundled transmission rates for public utilities. Members of the panel may not have a financial stake in any participant in the California electricity market. The ISO shall establish, modify as necessary and appropriate from time to time, and post on the ISO Home Page rules of procedure for proceedings before the Revenue Review Panel, which rules shall afford the ISO and interested Market Participants the opportunity to participate and to submit information to the panel. In deciding upon a just and reasonable TRR for the Participating TO, the Revenue Review Panel shall, to the extent practicable, apply the guidelines and rulings of the FERC applicable to the determination of the TRR of a Participating TO that is subject to FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act. The decision of the panel shall be subject to review and acceptance by the FERC.

- 9.3** Federal power marketing agencies whose transmission facilities are under ISO Operational Control shall develop their High Voltage Transmission Revenue Requirement pursuant to applicable federal laws and regulations, including filing with FERC. The procedures for public participation in a federal power marketing agency's ratemaking process shall be posted on the federal power marketing agency's website. The federal power marketing agency's shall also post on the website the Federal Register Notices and FERC orders for rate making processes that impact the federal power marketing agency's High Voltage Transmission Revenue Requirement.