

ATTACHMENT A

become Final Hour-Ahead Schedules and the ISO shall notify Scheduling Coordinators accordingly.

2.2.13.2.2 Congestion Management Provisions for Final Hour Ahead Schedules. If the ISO identifies Congestion, it shall use the Congestion Management provisions of Section 7.2 of this ISO Tariff and the ISO Scheduling Protocol to develop the Final Hour-Ahead Schedules.

2.2.13.2.3 [Not Used]

2.2.13.3 Final Hour-Ahead Schedules. The ISO shall inform each Scheduling Coordinator of its responsibilities to provide Ancillary Services in accordance with Section 2.5.21. Not later than thirty (30) minutes before the commencement of each Settlement Period, the ISO shall provide each Scheduling Coordinator with the Final Schedule for that Settlement Period. Each Final Schedule shall be a Balanced Schedule and shall contain the following information:

2.2.13.3.1 Generation.

2.2.13.3.1.1 Name and identification number of each Participating Generator appearing in the Final Schedule;

2.2.13.3.1.2 Location Code of each Generating Unit, System Resource and Scheduling Point;

2.2.13.3.1.3 The changes in the final scheduled quantity (in MWh) for each such Generating Unit, System Resource and scheduled voltage;

2.2.13.3.1.4 Notification if the scheduled Generation was adjusted to resolve Congestion; and

2.2.13.3.1.5 [Not Used]

- (d) Generating Unit operating limits (high and low MW);
- (e) Generating Unit ramp rate (MW/Min); and
- (f) Such other information as the ISO may determine it requires to evaluate bids, as published from time to time in ISO Protocols.

All Supplemental Energy bids submitted on behalf of Scheduling Coordinators that are not permitted to set the Market Clearing Price as described in Section 2.5.23.3.8 shall be bids deemed by the ISO to be paid: (i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during Price Mitigation Reserve Deficiencies or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-Price Mitigation Reserve Deficiencies. Scheduling Coordinators for Must-Offer Generators, as defined in Section 5.11 of this ISO Tariff, may elect to submit Supplemental Energy bids for gas-fired Generating Units at the Proxy Price calculated in accordance with Section 2.5.23.3.3.4. Scheduling Coordinators for all other Generating Units, System Units, and System Resources may elect to submit Supplemental Energy bids to be paid: (i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during Price Mitigation Reserve Deficiencies or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-Price Mitigation Reserve Deficiencies.

2.5.22.5 Information used in the Real Time Dispatch. The ISO shall place all the bid price information (except for Regulation bid prices and Adjustment Bids carried forward from the Day-Ahead and Hour-Ahead Markets) received from available Generating Units, Loads, System Units and System Resources in a database for use in real time Dispatch of Balancing Energy. The database shall indicate:

If the ISO declares a System Emergency, e.g. during times of supply scarcity, and involuntary load shedding occurs during the real time Dispatch, the ISO shall set the Hourly Ex Post Price at the Administrative Price.

2.5.23.3 Temporary Limitation on BEEP Interval Ex Post Prices

2.5.23.3.1 Limitation.

2.5.23.3.1.1 Limitation During Price Mitigation Reserve Deficiencies

Except as provided for in Section 2.5.23.3.1.3, and notwithstanding any other provision of the ISO Tariff, during hours in which the ISO has declared a Price Mitigation Reserve Deficiency, the BEEP Interval Ex Post Price shall equal the highest Proxy Price calculated in accordance with Section 2.5.23.3.4 for a gas-fired Generating Unit that: (i) is eligible to set the Market Clearing Price as set forth in Section 2.5.23.3.8; and (ii) is dispatched by the ISO to provide Imbalance Energy. This Proxy Price shall establish the Market Clearing Price (the "Marginal Proxy Clearing Price") for all Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids at or below the level of the Marginal Proxy Clearing Price during hours in which the ISO has declared a Price Mitigation Reserve Deficiency.

All bids for the supply of Imbalance Energy during Price Mitigation Reserve Deficiencies submitted by Scheduling Coordinators for resources that do not meet the requirements set forth in Section 2.5.23.3.8 to be eligible to set the Market Clearing Price shall be bids deemed by the ISO to be paid the Marginal Proxy Clearing Price. Subject to Section 2.5.23.3.8, Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids above the Marginal Proxy Clearing Price for the supply of Imbalance Energy during Price Mitigation Reserve Deficiencies shall be paid in accordance with their bids if accepted for Dispatch by the ISO.

Such bids shall be subject to the cost justification requirements and potential refunds as set forth in Section 2.5.23.3.5.

2.5.23.3.1.2 Limitation During Non-Price Mitigation Reserve Deficiencies

Except as provided for in Section 2.5.23.3.1.3, and notwithstanding any other provision of the ISO Tariff, during hours in which the ISO has not declared a Price Mitigation Reserve Deficiency, the BEEP Interval Ex Post Price shall not exceed the "Non-Emergency Clearing Price Limit" as defined in this Section 2.5.23.3.1.2. The "Non-Emergency Clearing Price Limit" shall equal 85% of the highest hourly Zonal Marginal Proxy Clearing Price calculated in accordance with Section 2.5.23.3.1.1 from among those Settlement Periods during the last Price Mitigation Reserve Deficiency which existed for the entire Settlement Period. If any Scheduling Coordinator submits a bid from a resource eligible to set the Market Clearing Price in accordance with Section 2.5.23.3.8 for the supply of Imbalance Energy during an hour in which the ISO has not declared a Price Mitigation Reserve Deficiency that: (i) exceeds the Non-Emergency Clearing Price Limit; and (ii) is dispatched by the ISO to provide Imbalance Energy, then the Market Clearing Price for the applicable BEEP Interval (the "Non-Emergency Clearing Price") shall be equal to the Non-Emergency Clearing Price Limit. If the marginal bid accepted by the ISO for the supply of Imbalance Energy during an hour in which the ISO has not declared a Price Mitigation Reserve Deficiency is less than the Non-Emergency Clearing Price Limit, then the marginal bid accepted by the ISO shall, subject to Section 2.5.23.3.8, establish the Non-Emergency Clearing Price.

All bids for the supply of Imbalance Energy during non-Price Mitigation Reserve Deficiencies submitted by Scheduling Coordinators for resources that do not meet the requirements set forth in Section 2.5.23.3.8 to be eligible to set the Market Clearing Price shall be bids deemed by the ISO to be paid the Non-Emergency Clearing Price. Scheduling Coordinators for Generating Units, System Units, and System Resources that submit bids above the Non-Emergency Clearing Price for the

supply of Imbalance Energy during BEEP Intervals in which the ISO has not declared a Price Mitigation Reserve Deficiency shall, subject to Section 2.5.23.3.8, be paid in accordance with their bids if accepted for Dispatch by the ISO. Such bids shall be subject to cost justification requirements and potential refunds, as set forth in Section 2.5.23.3.5.

2.5.23.3.1.3 Limitation from December 21, 2001 through April 30, 2002.

From December 21, 2001 through April 30, 2002, the BEEP Interval Ex Post Price shall not exceed the Winter Clearing Price Limit. Effective December 21, 2001, the Winter Clearing Price Limit is \$108/MWh, based on a proxy figure for natural gas cost of \$6.641/MMBtu. The Winter Clearing Price Limit shall be recalculated when the daily proxy figure for natural gas costs posted on the ISO Home Page differs from the proxy figure for natural gas costs used to calculate the Winter Clearing Price Limit then in effect by more than ten percent, though the Winter Clearing Price Limit shall not be less than \$108/MWh. Effective at 0001 hours on May 1, 2002, the Non-Emergency Clearing Price shall be \$91.87/MWh.

2.5.23.3.2 Charges for Certain Instructed Imbalance Energy. Amounts paid to Scheduling Coordinators in accordance with Section 2.5.23.3.1 for Instructed Imbalance Energy from Generating Units, System Units and System Resources at bids above the Marginal Proxy Clearing Price during hours in which the ISO has declared a Price Mitigation Reserve Deficiency or above the Non-Emergency Clearing Price during all other periods shall be charged to Scheduling Coordinators such that the charge to each Scheduling Coordinator shall be pro rata based upon the same proportion as the Scheduling Coordinator's Net Negative Uninstructed Deviations for the BEEP Interval bears to the total Net Negative Uninstructed Deviations of all Scheduling Coordinators for the BEEP Interval. Such charge shall apply in lieu of any charge specified in the ISO Tariff for such Instructed Imbalance Energy based on the BEEP Interval Ex Post Price.

2.5.23.3.3 Requirement of Must-Offer Generators to File Heat Rate and Emissions Rate Data

Must-Offer Generators, as defined in Section 5.11 of this ISO Tariff, that own or control gas-fired Generating Units must file with the ISO and the FERC, on a confidential basis, the heat rates and emissions rates for each gas-fired Generating Unit that they own or control. Heat rate and emissions rate data shall be provided in the format specified by the ISO as posted on the ISO Home Page. Heat rate data provided to comply with this requirement shall not include start-up or minimum Load fuel costs. Must-Offer Generators must also file periodic updates of this data upon the direction of either FERC or the ISO. The ISO will treat the information provided to the ISO in accordance with this Section 2.5.23.3.3 as confidential and will apply the procedures in Section 20.3.4 of this ISO Tariff with regard to requests for disclosure of such information. **2.5.23.3.4**

Calculation of the Proxy Price

The ISO shall calculate each day separate Proxy Prices for each gas-fired Generating Unit owned or controlled by a Must-Offer Generator by applying the filed heat rates for those Generating Units to a daily proxy figure for natural gas costs with an additional \$6/MWh allowed for operations and maintenance expenses. The proxy figures for natural gas costs shall be based on the most recent data available and shall be posted on the ISO Home Page by 8:00 AM on the day prior to which the figures will be used for calculation of the Proxy Price.

2.5.23.3.5 Requirement to Justify Bids Accepted by the ISO

The following entities shall be required to provide cost justification for bids to supply Imbalance Energy submitted to and accepted by the ISO:

- (a) Scheduling Coordinators for all Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy during Price Mitigation Reserve Deficiencies above the Marginal Proxy Clearing Price determined in accordance with Section 2.5.23.3.1.1, except for the period from December 20, 2001 through April 30, 2002;
- (b) Scheduling Coordinators for all Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy during hours in which the ISO has not declared a Price Mitigation Reserve Deficiency above the Non-Emergency Clearing Price determined in accordance with Section 2.5.23.3.1.2, except for the period from December 20, 2001 through April 30, 2002; and
- (c) Scheduling Coordinators for all Generating Units, System Units, and System Resources that submit bids for the supply of Imbalance Energy above the Winter Clearing Price Limit determined in accordance with Section 2.5.23.3.1.3 for the period December 20, 2001 through April 30, 2002.

Scheduling Coordinators subject to the cost justification requirement shall provide such justification in writing to the ISO and the FERC by no later than seven (7) calendar days after the end of the month in which the bid was submitted. The cost justification for bids submitted on behalf of Must-Offer Generators and other Generating Units and System Units shall include a detailed breakdown of the component costs associated with such bids. Such cost justifications shall include information on each separate transaction in the entire natural gas portfolio of a Must-Offer Generator and its Affiliates. Cost justifications provided pursuant to this Section 2.5.23.3.5 shall not include components representing emissions costs, start-up costs, credit

risks, scarcity rents or opportunity costs. The ISO will treat the cost justifications provided to the ISO in accordance with this Section 2.5.23.3.5 as confidential and will apply the procedures in Section 20.3.4 of this ISO Tariff with regard to requests for disclosure of such information.

Amounts collected by Scheduling Coordinators subject to the cost justification requirement in excess of the Marginal Proxy Clearing Price, Non-Emergency Clearing Price, or Winter Clearing Price Limit, as applicable, shall be subject to refund, as may be ordered by the FERC.

2.5.23.3.6 Emissions Costs

2.5.23.3.6.1 Obligation to Pay Emissions Cost Charges

Each Scheduling Coordinator shall be obligated to pay a charge which will be used to pay the verified Emissions Costs incurred by a Must-Offer Generator as a direct result of an ISO Dispatch instruction, in accordance with this Section 2.5.23.3.6. The ISO shall levy this administrative charge (the "Emissions Cost Charge") each month, against all Scheduling Coordinators based upon each Scheduling Coordinator's metered Demand within the ISO Control Area and Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area. Scheduling Coordinators shall make payment for all Emissions Cost Charges in accordance with the ISO Payments Calendar.

2.5.23.3.6.2 Emissions Cost Trust Account

All Emissions Cost Charges received by the ISO shall be deposited in the Emissions Cost Trust Account. The Emissions Cost Trust Account shall be an interest-bearing account separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time.

2.5.23.3.6.3 Rate For the Emissions Cost Charge

The rate at which the ISO will assess the Emissions Cost Charge shall be at the projected annual total of all Emissions Costs incurred by Must-Offer Generators as a direct result of ISO

Dispatch instruction, adjusted for interest projected to be earned on the monies in the Emissions Cost Trust Account, divided by the sum of the Control Area Gross Load and the projected Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators for the applicable year ("Emissions Cost Demand"). The initial rate for the Emissions Cost Charge, and all subsequent rates for the Emissions Cost Charge, shall be posted on the ISO Home Page.

2.5.23.3.6.4 Adjustment of the Rate For the Emissions Cost Charge

The ISO may adjust the rate at which the ISO will assess the Emissions Cost Charge on a monthly basis, as necessary, to reflect the net effect of the following:

- (a) the difference, if any, between actual Emissions Cost Demand and projected Emissions Cost Demand;
- (b) the difference, if any, between the projections of the Emissions Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instructions and the actual Emissions Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instructions as invoiced to the ISO and verified in accordance with this Section 2.5.23.3.6; and
- (c) the difference, if any, between actual and projected interest earned on funds in the Emissions Cost Trust Account.

The adjusted rate at which the ISO will assess the Emissions Cost Charge shall take effect on a prospective basis on the first day of the next calendar month. The ISO shall publish all data and calculations used by the ISO as a basis for such an adjustment on the ISO Home Page at least five (5) days in advance of the date on which the new rate shall go into effect.

2.5.23.3.6.5 Credits and Debits of Emissions Cost Charges Collected from Scheduling Coordinators

In addition to the surcharges or credits permitted under Section 11.6.3.3 of this ISO Tariff, the

ISO may credit or debit, as appropriate, the account of a Scheduling Coordinator for any over- or under-assessment of Emissions Cost Charges that the ISO determines occurred due to the error, omission, or miscalculation by the ISO or the Scheduling Coordinator.

2.5.23.3.6.6 Submission of Emissions Cost Invoices

Scheduling Coordinators for Must-Offer Generators that incur Emissions Costs as a direct result of an ISO Dispatch instruction may submit to the ISO an invoice in the form specified on the ISO Home Page (the "Emissions Cost Invoice") for the recovery of such Emissions Costs. Emissions Cost Invoices shall not include any Emissions Costs specified in an RMR Contract for a unit owned or controlled by a Must-Offer Generator. All Emissions Cost Invoices must include a copy of all final invoice statements from air quality districts demonstrating the Emissions Costs incurred by the applicable generating unit, and such other information as the ISO may reasonably require to verify the Emissions Costs incurred as a direct result of an ISO Dispatch instruction.

2.5.23.3.6.7 Payment of Emissions Cost Invoices

The ISO shall pay Scheduling Coordinators for all Emissions Costs submitted in an Emissions Cost Invoice and demonstrated to be a direct result of an ISO Dispatch instruction. If the Emissions Costs indicated in the applicable air quality districts' final invoice statements include emissions produced by operation not resulting from ISO Dispatch instructions, the ISO shall pay an amount equal to Emissions Costs multiplied by the ratio of the MWh associated with ISO Dispatch instruction to the total MWh associated with such Emissions Costs. The ISO shall pay Emissions Cost Invoices each month in accordance with the ISO Payments Calendar from the funds available in the Emissions Cost Trust Account. To the extent there are insufficient funds available in Emissions Cost Trust Account in any month to pay all Emissions Costs submitted in an Emissions Cost Invoice and demonstrated to be a direct result of an ISO Dispatch instruction, the ISO shall make pro rata payment of such Emissions Costs and shall adjust the rate at which

the ISO will assess the Emissions Cost Charge in accordance with Section 2.5.23.3.6.4. Any outstanding Emissions Costs owed from previous months will be paid in the order of the month in which such costs were invoiced to the ISO. The ISO's obligation to pay Emissions Costs is limited to the obligation to pay Emissions Cost Charges received. All disputes concerning payment of Emissions Cost Invoices shall be subject to ISO ADR Procedures, in accordance with Section 13 of this ISO Tariff.

2.5.23.3.7 Start-Up Fuel Costs

2.5.23.3.7.1 Obligation to Pay Start-Up Fuel Cost Charges

Each Scheduling Coordinator shall be obligated to pay a charge which will be used to pay the verified Start-Up Fuel Costs incurred by a Must-Offer Generator as a direct result of an ISO Dispatch instruction, in accordance with this Section 2.5.23.3.7. The ISO shall levy this charge (the "Start-Up Fuel Cost Charge"), each month, against all Scheduling Coordinators based upon each Scheduling Coordinator's metered Demand within the ISO Control Area and Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area. Scheduling Coordinators shall make payment for all Start-Up Fuel Cost Charges in accordance with the ISO Payments Calendar.

2.5.23.3.7.2 Start-Up Fuel Cost Trust Account

All Start-Up Fuel Cost Charges received by the ISO shall be deposited in the Start-Up Fuel Cost Trust Account. The Start-Up Fuel Cost Trust Account shall be an interest-bearing account separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time.

2.5.23.3.7.3 Rate For the Start-Up Fuel Cost Charge

The rate at which the ISO will assess the Start-Up Fuel Cost Charge shall be at the projected annual total of all Start-Up Fuel Costs incurred by Must-Offer Generators as a direct result of

ISO Dispatch instruction, adjusted for interest projected to be earned on the monies in the Start-Up Fuel Cost Trust Account, divided by the sum of the Control Area Gross Load and the projected Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area ("Start-Up Fuel Cost Demand"). The initial rate for the Start-Up Fuel Cost Charge, and all subsequent rates for the Start-Up Fuel Cost Charge, shall be posted on the ISO Home Page.

2.5.23.3.7.4 Adjustment of the Rate For the Start-Up Fuel Cost Charge

The ISO may adjust the rate at which the ISO will assess the Start-Up Fuel Cost Charge on a monthly basis, as necessary, to reflect the net effect of the following:

- (a) the difference, if any, between actual Start-Up Fuel Cost Demand and projected Start-Up Fuel Cost Demand;
- (b) the difference, if any, between the projections of the Start-Up Fuel Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instructions and the actual Start-Up Fuel Costs incurred by Must-Offer Generators as a direct result of ISO Dispatch instructions as invoiced to the ISO and verified in accordance with this Section 2.5.23.3.7; and
- (c) the difference, if any, between actual and projected interest earned on funds in the Start-Up Fuel Cost Trust Account.

The adjusted rate at which the ISO will assess the Start-Up Fuel Cost Charge shall take effect on a prospective basis on the first day of the next calendar month. The ISO shall publish all data and calculations used by the ISO as a basis for such an adjustment on the ISO Home Page at least five (5) days in advance of the date on which the new rate shall go into effect.

2.5.23.3.7.5 Credits and Debits of Start-Up Fuel Cost Charges Collected from Scheduling Coordinators

In addition to the surcharges or credits permitted under Section 11.6.3.3 of this ISO Tariff, the

ISO may credit or debit, as appropriate, the account of a Scheduling Coordinator for any over- or under-assessment of Start-Up Fuel Cost Charges that the ISO determines occurred due to the error, omission, or miscalculation by the ISO or the Scheduling Coordinator.

2.5.23.3.7.6 Submission of Start-Up Fuel Cost Invoices

Scheduling Coordinators for Must-Offer Generators that incur Start-Up Fuel Costs as a direct result of an ISO Dispatch instruction or if the ISO revokes a waiver from compliance with the must-offer obligation while the unit is off-line in accordance with Section 5.11.6 of this ISO Tariff may submit to the ISO an invoice in the form specified on the ISO Home Page (the "Start-Up Fuel Cost Invoice") for the recovery of such Start-Up Fuel Costs. Such Start-Up Fuel Costs shall not exceed the costs which would be incurred within the start-up time for a unit specified in Schedule 1 of the Participating Generator Agreement. Start-Up Fuel Cost Invoices shall use the applicable proxy figure for natural gas costs as determined in accordance with Section 2.5.23.3.4 and posted on the ISO Home Page. Start-Up Fuel Cost Invoices shall not include any Start-Up Fuel Costs specified in an RMR Contract for a unit owned or controlled by a Must-Offer Generator.

2.5.23.3.7.7 Payment of Start-Up Fuel Cost Invoices

The ISO shall pay Scheduling Coordinators for all Start-Up Fuel Costs submitted in a Start-Up Fuel Cost Invoice and demonstrated to be a direct result of an ISO Dispatch instruction. The ISO shall pay such Start-Up Fuel Cost Invoices each month in accordance with the ISO Payments Calendar from the funds available in the Start-Up Fuel Cost Trust Account. To the extent there are insufficient funds available in the Start-Up Fuel Cost Trust Account in any month to pay all Start-Up Fuel Costs submitted in a Start-Up Fuel Cost Invoice and demonstrated to be a direct result of an ISO Dispatch instruction, the ISO shall make pro rata payment of such Start-Up Fuel Costs and shall adjust the rate at which the ISO will assess the Start-Up Fuel Cost Charge in accordance with Section 2.5.23.3.7.4. Any outstanding Start-Up Fuel Costs owed from previous months will be paid in the order of the month in which such costs were invoiced to

the ISO. The ISO's obligation to pay Start-Up Fuel Costs is limited to the obligation to pay Start-Up Fuel Cost Charges received. All disputes concerning payment of Start-Up Fuel Cost Invoices shall be subject to ISO ADR Procedures, in accordance with Section 13 of this ISO Tariff.

2.5.23.3.8 Eligibility to Establish the Marginal Proxy Clearing Price and Non-Emergency Clearing Price

Only bids from Scheduling Coordinators for generating units: 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2 are eligible to establish either the Marginal Proxy Clearing Price or the Non-Emergency Clearing Price. Only Scheduling Coordinators for generating units: 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2 are eligible to be paid as-bid in accordance with this Section 2.5.23.3. All other Scheduling Coordinators whose bids to supply Imbalance Energy are accepted by the ISO shall be paid the Non-Emergency Clearing Price during periods when the ISO is not in a Price Mitigation Reserve Deficiency or the Marginal Proxy Clearing Price when the ISO is in a Price Mitigation Reserve Deficiency. Bids from hydroelectric generating units are not eligible to set any Market Clearing Price, including the Marginal Proxy Clearing Price or the Non-Emergency Clearing Price.

2.5.23.3.8.1 Price-Taker Bids for Some Resources Not Eligible to Establish Market Clearing Prices

Bids from Scheduling Coordinators for generating units: 1) for which heat rate data have not been submitted in accordance with Section 2.5.23.3.3 or 2) which do not satisfy the data requirements as set forth in Section 2.5.23.3.8.2, except for hydroelectric generating units, must be at a price of \$0/MWh.

2.5.23.3.8.2 Data Requirements to Establish Eligibility to Establish the Marginal Proxy Clearing Price or Non-Emergency Clearing Price

Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must meet the requirements set forth in the ISO's "Monitoring and Communications Requirements for Generating Units Providing Only Energy and Supplemental Energy" as posted on the ISO Home Page. Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO, for each such generating unit, with: 1) a unique interchange identifier that refers to the generating unit; and 2) the heat rate data set forth in Section 2.5.23.3.3 before those units will be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price. Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO with Settlement Quality Meter Data for each BEEP Interval in that Trade Day and other Settlement Quality Meter Data the ISO may deem necessary to verify the generating unit's performance. Scheduling Coordinators shall submit these data, using the template posted on the ISO Home Page for this purpose, no later than 30 calendar days after the Trade Day in which the Energy was provided.

2.5.24 Verification of Performance of Ancillary Services.

Availability of both contracted and self provided Ancillary Services shall be verified by the ISO by unannounced testing of Generating Units, Loads and System Resources, by auditing of response to ISO Dispatch instructions, and by analysis of the appropriate Meter Data, or interchange schedules. Participating Generators, owners or operators of Loads, operators of System Units or

System Resources and Scheduling Coordinators shall notify the ISO immediately whenever they become aware that an Ancillary Service is not available in any way.

All Participating Generators, owners or operators of Loads and operators of System Units or System Resources shall check, monitor and/or test their system and related equipment routinely to assure availability of the committed Ancillary Services. These requirements apply whether the Ancillary Services are contracted or self provided. For a duration specified by the ISO, the ISO may suspend the technical eligibility certificate of a Scheduling Coordinator for a Generating Unit, System Unit, Load or System Resource, which repeatedly fails to perform. The ISO shall develop measures to discourage repeated non-performance on the part of both bidders and self providers.

2.5.25 Periodic Testing of Units.

The ISO may test Generating Units, System Units, Loads and System Resources in the manner described herein. The frequency of testing shall be within such timeframes as are reasonable under all the circumstances. Scheduling Coordinators shall manage the resulting Energy output if notification of testing permits the Energy to be scheduled. If a Generating Unit, System Unit, Load, or System Resource fails to meet requirements in a

Payments.

Scheduling Coordinators for owners of Reliability Must-Run Units (or Black Start Generators, as the case may be) shall receive the following payments for Energy output from Black Start facilities:

$$BSEN_{ijt} = (EnQBS_{ijt} * EnBid_{ijt}) + BSSUP_{ijt} - Adjustment$$

where BSSUP_{ijt} is the start-up payment for a Black Start successfully made by Generating Unit i of Scheduling Coordinator j (or Black Start Generator j) in Trading Interval t calculated in accordance with the applicable Reliability Must-Run Contract (or the Interim Black Start agreement as the case may be).

2.5.27.7 Temporary Limitation on Ancillary Service Prices.

2.5.27.7.1 Limitation During Price Mitigation Reserve Deficiencies

Notwithstanding any other provision of the ISO Tariff, the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Hourly Ex Post Price in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.1, during Price Mitigation Reserve Deficiencies. Subject to Section 2.5.27.7.4 of this ISO Tariff, Scheduling Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids above the Hourly Ex Post Price in effect at the deadline for submitting bids to that market for the supply of these Ancillary Services during Price Mitigation Reserve Deficiencies shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

2.5.27.7.2 Limitation During Non-Price Mitigation Reserve Deficiencies

Notwithstanding any other provision of the ISO Tariff, the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.2 of this ISO Tariff, during non-Price Mitigation Reserve Deficiencies. Subject to Section 2.5.27.7.4, Scheduling Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids for the supply of these Ancillary Services during non-Price Mitigation Reserve Deficiencies at a price above the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

2.5.27.7.3 Requirement to Justify Bids

Scheduling Coordinators subject to the cost justification requirement must provide such justification in writing to the ISO and the FERC by no later than seven (7) calendar days after the end of the month in which the bid was submitted. The ISO will treat the cost justifications provided to this ISO in accordance with this Section 2.5.27.7 as confidential and will apply the procedures in Section 20.3.4 of this ISO Tariff with regard to requests for disclosure of such information. Amounts collected by Scheduling Coordinators subject to the cost justification requirement in excess of the Hourly Ex Post Price or the Non-Emergency Clearing Price Limit, as applicable, shall be subject to refund, as may be ordered by the FERC.

2.5.27.7.4 Eligibility to Establish the Market Clearing Price for Ancillary Services

Only bids from Scheduling Coordinators for generating units: 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 of this ISO Tariff, and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2 of this ISO Tariff.

are eligible to establish the Market Clearing Price for Ancillary Services. Only Scheduling Coordinators for generating units: 1) for which heat rate data have been submitted in accordance with Section 2.5.23.3.3 of this ISO Tariff, and 2) which satisfy the data requirements set forth in Section 2.5.23.3.8.2 of this ISO Tariff, are eligible to be paid as-bid in accordance with Section 2.5.27.7. All other Scheduling Coordinators whose bids to provide Ancillary Services are accepted by the ISO shall be paid the Market Clearing Price for Ancillary Services.

2.5.28 Settlement for User Charges for Ancillary Services.

(a) The ISO shall determine a separate hourly user rate for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve for each Settlement Period purchased in the Day-Ahead market, and in the Hour-Ahead Market. Each rate will be charged to Scheduling Coordinators on a volumetric basis applied to each Scheduling Coordinator's obligation for the Ancillary Service concerned which it has not self provided, as adjusted by any Inter-Scheduling Coordinator Ancillary Service Trades.

Each Scheduling Coordinator's obligation for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve for each Zone shall be calculated in accordance with Section 2.5.20.1, notwithstanding any adjustment to the quantities of each Ancillary Service purchased by the ISO in accordance with Section 2.5.3.6.

The cost of Voltage Support and Black Start shall be allocated to Scheduling Coordinators as described in Sections 2.5.28.

(ii) if the ISO is required to call for the involuntary curtailment of firm Load to maintain Applicable Reliability Criteria during the System Emergency, an additional charge equal to \$1,000 for each MWh of the Dispatch instruction with which the Participating Generator does not comply.

5.6.3.2 A Participating Generator shall not be subject to penalties pursuant to Section 5.6.3.1 if the Participating Generator can demonstrate to the ISO that it failed to comply with such a Dispatch instruction either because: (a) the Generating Unit, System Unit or System Resource that was the subject of the Dispatch instruction was physically incapable of responding in accordance with the instruction, provided that if such Participating Generator has not notified the ISO in advance that the Generating Unit, System Unit or System Resource was unavailable or de-rated, such Generating Unit, System Unit or System Resource will be presumed to be available; or (b) compliance with such Dispatch instruction would have resulted in a violation of an applicable requirement of state or Federal law, which requirement cannot be waived. A Participating Generator must notify ISO operations staff of its reason for failing to comply with the Dispatch instruction within the operating hour that the instruction is issued and must provide information to the ISO that verifies the reason the Participating Generator failed to comply with the Dispatch instruction within 72 hours of the operating hour in which the instruction is issued. Disputes concerning the cause of a Participating Generator's failure to comply with an ISO Dispatch instruction shall be subject to the Dispute Resolution provisions set forth in Section 13 of this ISO Tariff.

5.6.3.2.1 Notwithstanding the foregoing, no Participating Generator shall be subject to the penalties set forth in Section 5.6.3 of this ISO Tariff for the period June 20, 2001 through September 30, 2002.

5.7 Interconnection of New Facilities to the ISO Controlled Grid.

5.7.1 Applicability.

For purposes of this Section 5.7, a New Facility shall be:

- (a) each Generating Unit that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered and increase the total capability of the power plant; and
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be re-powered without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria and trigger the application of Section 5.7.5(c).

The owner of a planned New Facility, or its designee, is referred to for purposes of this Section 5.7 as a New Facility Operator. Only New Facility Operators that have not submitted a Completed Interconnection Application, as defined under the applicable Interconnecting PTO's TO Tariff, to the Interconnecting PTO as of the effective date of this Section 5.7 are subject to its provisions.

each non-hydroelectric Generating Unit located in California they own or control: (i) the Unit's minimum operating level; (ii) the Unit's maximum operating level; and (iii) the Unit's ramp rates at all operating levels; and (iv) such other information the ISO determines is necessary to determine available generation and to dispatch Must-Offer Generators. In addition, Must-Offer Generators that are not Participating Generators must, consistent with the notification obligations of Participating Generators and in order to comply with the intent of this Section 5.11, notify the ISO, as soon as practicable, of any Planned Maintenance Outages, Forced Outages, Force Majeure Event outages or any other reductions in their maximum operating levels.

5.11.4 Obligation To Offer Available Capacity

All Must-Offer Generators shall offer to sell in the ISO's Real Time Market for Imbalance Energy, in all hours, all their Available Generation as defined in Section 5.11.2.

5.11.5 Submission of Bids and Applicability of the Proxy Price

For each Operating Hour, Must-Offer Generators shall submit Supplemental Energy bids for all of their Available Generation to the ISO in accordance with Section 2.5.22.4. In addition, the ISO shall calculate for each gas-fired Must-Offer Generator, in accordance with Section 2.5.23, a Proxy Price for Energy. Subject to Section 2.5.23.3.8, in hours in which the ISO has declared a Price Mitigation Reserve Deficiency, any submitted bids that are priced above the Marginal Proxy Clearing Price for the BEEP Intervals, as determined in accordance with Section 2.5.23.3.1.1, will be paid as-bid if accepted by the ISO. Subject to Section 2.5.23.3.8, in hours in which the ISO has not declared a Price Mitigation Reserve Deficiency, any submitted bids that are priced above the Non-Emergency Clearing Price for the BEEP Intervals, as determined in accordance with Section 2.5.23.3.1.2, will be paid as-bid if accepted by the ISO. If, under this section, a Must-Offer Generator is paid as-bid, such bids will be subject to the cost-justification procedures established by FERC and may be subject to refund, as determined by FERC.

If a Must-Offer Generator fails to submit a Supplemental Energy bid for any portion of its Available Generation for any BEEP Interval, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid at the Must-Offer Generator's Proxy Price for that hour if: (i) the applicable Generating Unit is a gas-fired unit and (ii) the Must-Offer Generator has provided the ISO with adequate data in compliance with Sections 2.5.23.3.3 and 5.11.3 for the applicable Generating Unit. For all other Generating Units owned or controlled by a Must-Offer Generator, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid to receive: (i) the Marginal Proxy Clearing Price, as determined in accordance with Section 2.5.23.3.1.1, during Price Mitigation Reserve Deficiencies or (ii) the Non-Emergency Clearing Price, as determined in accordance with Section 2.5.23.3.1.2, during non-Price Mitigation Reserve Deficiencies. In order to dispatch resources providing Imbalance Energy in proper merit order, the ISO will insert this unbid quantity into the Must-Offer Generator's Supplemental Energy bid curve above any lower-priced segments of the bid curve and below any higher-priced segments of the bid curve as necessary to maintain a non-decreasing bid curve over the entire range of the Must-Offer Generator's Available Generation.

5.11.6 Waiver of Must-Offer Obligation

Must-Offer Generators may seek a waiver of the obligation to offer all available capacity, as set forth in Section 5.11.4 of this ISO Tariff, for one or more of their generating units for periods other than Self-Commitment Periods, which are defined as the hours when Must-Offer Generators submit Energy Schedules or Ancillary Services bids or self-provision schedules. Self-Commitment Periods shall be extended by the ISO as necessary to accommodate generating unit minimum up and down times such that the scheduled operation is feasible. If conditions permit, and at the ISO's sole discretion, the ISO may grant waivers and allow a Must-Offer Generator to remove one or more generating units from service during

hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) minimize the start-up and Minimum Load Costs necessary to meet the ISO's forecasted Demand; 2) provide sufficient on-line generating capacity to meet operating reserve requirements; 3) provide for a reasonable assurance of competitive market outcomes; and 4) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s).

5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators

5.11.6.1.1 Eligibility

Units from Must-Offer Generators that incur Minimum Load Costs during Self-Commitment Periods or during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. The ISO shall pay to a Must-Offer Generator the unrecovered Minimum Load Costs for each Waiver Denial Period for generating units that: 1) do not submit any Energy Schedules or Ancillary Services self-provision Schedules or bids in the Hour-Ahead market for any hours during such Waiver Denial Period, and 2) do not, over an hour, produce a quantity of Energy that: (i) varies by more than the greater of five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output during a Waiver Denial Period.

5.11.6.1.2 Unrecovered Minimum Load Costs

Unrecovered Minimum Load Costs are the portion of the Minimum Load Costs that are not recovered from profits through participation in the ISO markets during the Waiver Denial Period. The profits shall be determined as the positive difference between market revenues and the operating costs of the unit for the Waiver Denial Period. Market revenues shall include all settlements for: 1) Uninstructed Imbalance Energy and 2) Instructed Imbalance Energy, including out-of-sequence and out-of-market Energy during the Waiver Denial Period. Market revenues shall include all settlements for: 1) Uninstructed Imbalance Energy and 2) Instructed Imbalance Energy, including out-of-sequence and out-of-market Energy during the Waiver Denial Period. The operating costs shall be calculated as the sum, for each BEEP Interval in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's instructed output averaged over that BEEP Interval and the proxy figure for natural gas costs posted on the ISO Home Page in effect at the time and the unit's instructed output averaged over that BEEP Interval, and 2) the product of the unit's instructed output averaged over that BEEP Interval and \$6.00/MWh. The Minimum Load Costs shall be calculated as the sum, for all hours in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and the proxy figure for natural gas costs posted in the ISO Home Page in effect at the time, and the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and 2) the product of the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and \$6/MWh. The Minimum Load Costs shall be offset by the Waiver Denial Period profits and any remaining shortfall shall constitute unrecovered Minimum Load Costs.

5.11.6.1.3 Invoicing Unrecovered Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's unrecovered Minimum Load Costs and make payments for these costs as part of the ISO's market settlement process. Scheduling Coordinators may

submit to the ISO data detailing the hours for which they are eligible to recover Minimum Load Costs. Scheduling Coordinators who elect to submit data on hours they are eligible to recover Minimum Load Costs must: 1) use the Minimum Load Cost Invoice template posted on the ISO Home Page, and 2) submit the invoice on or before fifteen (15) business days following the last Trading Day in the month in which such costs were incurred, except that Scheduling Coordinators seeking reimbursement for Minimum Load Costs incurred between May 29, 2001, and the day that the ISO posts the Minimum Load Costs Invoice template on the ISO Home Page must submit their data no later than thirty (30) business days after the ISO first posts the template on the ISO Home Page.

5.11.6.1.4 Allocation of Unrecovered Minimum Load Costs

Unrecovered Minimum Load Costs for each unit's Waiver Denial Period shall be evenly divided over all hours of such Waiver Denial Period. For each such hour, the total unrecovered Minimum Load Costs shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's Load and Demand within California outside the ISO Control Area that is served by exports to the sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports.

Controlled Grid, unless: (a) the ISO Governing Board reviews the basis for the charges above that level and approves the collection of charges above that level for a defined period; and (b) the ISO provides at least seven days' advance notice to Scheduling Coordinators of the determination of the ISO Governing Board.

11.2.10 Payments Under Section 2.3.5.1 Contracts

The ISO shall calculate and levy charges for the recovery of costs incurred under contracts entered into by the ISO under the authority granted in Section 2.3.5.1 in accordance with Section 2.3.5.1.8 of this ISO Tariff.

11.2.11 FERC Annual Charge Recovery Rate

The ISO shall calculate and levy the rates for recovery of FERC Annual Charges in accordance with Section 7.5 of this ISO Tariff.

11.2.12 Creditworthiness Surcharge

Notwithstanding anything to the contrary in the ISO Tariff, and until the FERC issues any order to the contrary, the following payments and charges shall be increased by a surcharge of 10%:

- a) payments for Ancillary Services as determined in accordance with Sections 2.5.27.1 to 2.5.27.4;
- b) charges for Ancillary Services as determined in accordance with Sections 2.5.28.1 to 2.5.28.4; and
- c) payments for Instructed Imbalance Energy.

11.2.13 Emissions and Start-Up Fuel Cost Charges

The ISO shall calculate, account for and settle charges and payments for Emissions Costs and Start-Up Fuel Costs in accordance with Sections 2.5.23.3.6 and 2.5.23.3.7 of this ISO Tariff.

30.2 Responsibility for Y2K Compliance

It is the sole responsibility of each Market Participant or other entity that interfaces with the ISO's systems and processes to ensure that the entity's interfacing systems or processes are Y2K Compliant. The ISO will provide joint Y2K test opportunities to ensure interoperability between the ISO systems and external systems that interface with the ISO (e.g., Scheduling Coordinators, and other entities). This proactive test program is an opportunity to minimize the possibilities of transmitting Y2K related erroneous data to the ISO. Participation in this testing program is voluntary, and not a requirement.

30.3 Disconnection of Non-Y2K Compliant Systems and Processes

In order to protect and maintain the integrity of the ISO's systems and processes, the ISO shall have the authority to immediately disconnect the systems or processes of any Scheduling Coordinator or other entity that is believed by the ISO to be passing Y2K related erroneous data; i.e., data from systems and processes that do not meet the Section 30.1 standards for Y2K Compliance. The ISO will immediately notify the disconnected Scheduling Coordinator or other entity of the reason for the action taken by the ISO. The ISO shall permit such Scheduling Coordinator or other entity to reestablish interfaces with the ISO after receiving and approving documented test results showing that the disconnected systems or processes are Y2K Compliant and would not otherwise adversely affect the ISO's systems and processes. The ISO will review and approve or reject documented test results within two (2) business days of their receipt. The ISO will reconnect the entity within one (1) business day of the ISO's approval.

31. EXPIRATION OF COMMISSION MITIGATION MEASURES.

The limitations on prices specified in Sections 2.5.22, 2.5.23, and 2.5.27, and the must-offer obligation specified in Section 5.11, shall expire on September 30, 2002.

- Connected Entity** A Participating TO or any party that owns or operates facilities that are electrically interconnected with the ISO Controlled Grid.
- Constraints** Physical and operational limitations on the transfer of electrical power through transmission facilities.
- Contingency** Disconnection or separation, planned or forced, of one or more components from an electrical system.
- Control Area** An electric power system (or combination of electric power systems) to which a common AGC scheme is applied in order to: i) match, at all times, the power output of the Generating Units within the electric power system(s), plus the Energy purchased from entities outside the electric power system(s), minus Energy sold to entities outside the electric power system, with the Demand within the electric power system(s); ii) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and iv) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- Control Area Gross Load** For the purpose of calculating and billing the Grid Management Charge, Minimum Load Costs, Emissions Costs Charge and Start-Up Fuel Costs Charge, Control Area Gross Load is all Demand for Energy within the ISO Control Area. Control Area Gross Load shall not include Energy consumed by:
- (a) generator auxiliary Load equipment that is dedicated to the production of Energy and is electrically connected at the same point as the Generating Unit (e.g., auxiliary Load equipment that is served via a distribution line

<u>Master File</u>	A file containing information regarding Generating Units, Loads and other resources.
<u>Meter Data</u>	Energy usage data collected by a metering device or as may be otherwise derived by the use of Approved Load Profiles.
<u>Meter Points</u>	Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.
<u>Metered Quantities</u>	For each Direct Access End-User, the actual metered amount of MWh and MW; for each Participating Generator the actual metered amounts of MWh, MW, MVAR and MVARh.
<u>Minimum Load Costs</u>	The costs a generating unit incurs operating at minimum load.
<u>Monthly Peak Load</u>	The maximum hourly Demand on a Participating TO's transmission system for a calendar month, multiplied by the Operating Reserve Multiplier.
<u>MSS (Metered Subsystem)</u>	A geographically contiguous system of a New Participating TO, located within a single Zone which has been operating for a number of years prior to the ISO Operations Date subsumed within the ISO Control Area and encompassed by ISO certified revenue quality meters at each interface point with the ISO Controlled Grid and ISO certified revenue quality meters on all Generating Units internal to the system, which is operated in accordance with an agreement described in Section 3.3.1.
<u>MSS Operator</u>	An entity that owns an MSS and has executed an agreement described in Section 3.3.1.

<u>Preliminary Settlement Statement</u>	The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.
<u>Price Mitigation Reserve Deficiency</u>	Any clock hour in which the ISO's maximum actual reserve margin is below seven (7) percent.
<u>Project Sponsor</u>	A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.
<u>Proxy Price</u>	The value determined for each gas-fired Generating Unit owned or controlled by a Must-Offer Generator in accordance with Section 2.5.23.3.4.
<u>PX (Power Exchange)</u>	The California Power Exchange Corporation, a state chartered, nonprofit corporation charged with providing a Day-Ahead forward market for Energy in accordance with the PX Tariff. The PX is a Scheduling Coordinator and is independent of both the ISO and all other Market Participants.
<u>PX Auction Activity Rules</u>	The rules by which bids submitted to and validated by the PX may be modified or withdrawn during a PX Energy market auction.
<u>PX Participant</u>	An entity that is authorized to buy or sell Energy or Ancillary Services through the PX, and any agent authorized to act on behalf of such entity.
<u>PX Protocols</u>	The rules, protocols, procedures and standards attached to the PX Tariff as Appendix E, promulgated by the PX (as amended from time to time) to be complied with by the PX and Market Participants in relation to operation and participation in the PX Markets.

<u>Start-Up Fuel Cost Charge</u>	The charge determined in accordance with Section 2.5.23.3.7.
<u>Start-Up Fuel Cost Demand</u>	The level of Demand specified in Section 2.5.23.3.7.3.
<u>Start-Up Fuel Cost Invoice</u>	The invoice submitted to the ISO in accordance with Section 2.5.23.3.7.6.
<u>Start-Up Fuel Cost Trust Account</u>	The trust account established in accordance with Section 2.5.23.3.7.2.
<u>Start-Up Fuel Costs</u>	The cost of the fuel consumed by a particular generating unit from the time of first fire, the time of receipt of an ISO Dispatch instruction, or the time the unit was last synchronized to the grid, whichever is later, until the time the generating unit is synchronized or re-synchronized to the grid and producing Energy. Start-Up Fuel Costs are determined by multiplying the actual amount of fuel consumed by the proxy gas price as determined in accordance with Section 2.5.23.3.4 at the time the fuel is consumed.

Voltage Limits

For all substation busses, the normal and post-contingency Voltage Limits (kV). The bandwidth for normal Voltage Limits must fall within the bandwidth of the post-contingency Voltage Limits. Special voltage limitations for abnormal operating conditions such as heavy or light Demand may be specified.

Voltage Support

Services provided by Generating Units or other equipment such as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.

Waiver Denial Period

The period determined in accordance with Section 5.11.6.

Warning Notice

A Notice issued by the ISO when the operating requirements for the ISO Controlled Grid are not met in the Hour-Ahead Market, or the quantity of Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve and Supplemental Energy available to the ISO does not satisfy the Applicable Reliability Criteria.

WEnet (Western Energy Network)

An electronic network that facilitates communications and data exchange among the ISO, Market Participants and the public in relation to the status and operation of the ISO Controlled Grid.

Wheeling

Wheeling Out or Wheeling Through.

Wheeling Access Charge

The charge assessed by the ISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 7.1. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge may consist of a High Voltage Wheeling Access Charge and a Low Voltage Wheeling Access Charge.

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.

Winter Clearing Price Limit

The limitation on Market Clearing Prices determined in accordance with Section 2.5.23.3.1.3.

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.