

Master Definitions Supplement

Access Charge

A charge paid by all UDCs, MSSs and, in certain cases, Scheduling Coordinators, delivering Energy to Gross Load, as set forth in Section 7.1. The Access Charge includes the High Voltage Access Charge, the Transition Charge and the Low Voltage Access Charge. The Access Charge will recover the Participating TO's Transmission Revenue Requirement in accordance with Appendix F, Schedule 3.

Active Zone

The Zones so identified in Appendix I to the ISO Tariff.

Actual Imbalance

A deviation between scheduled Generation and metered Generation at each UDC/ISO Controlled Grid boundary or at each Participating Generator's delivery point or a deviation between scheduled Load and metered Load at each UDC/ISO Controlled Grid boundary or ISO Control Area boundary.

Adjustment Bid

A bid in the form of a curve defined by (i) the minimum MW output to which a Scheduling Coordinator will permit a resource (Generating Unit or Dispatchable Load) included in its Schedule or, in the case of an Inter-SC Trade, included in its Schedule or the Schedule of another Scheduling Coordinator, to be redispatched by the ISO; (ii) the maximum

MW output to which a Scheduling Coordinator will permit the resource included in its Schedule or, in the case of an Inter-SC Trade, included in its Schedule or the Schedule of another Scheduling Coordinator, to be redispatched by the ISO; (iii) up to a specified number of MW values in between; (iv) a preferred MW operating point; and (v) for the ranges between each of the MW values greater than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to increase the output of the resource and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

Administrative Price

The price set by the ISO in place of a Market Clearing Price when, by reason of a System Emergency, the ISO determines that it no longer has the ability to maintain reliable operation of the ISO Controlled Grid relying

provide balancing Energy in response to such deviations. As of the ISO Operations Date, the BEEP Interval shall be ten (10) minutes. Following a decision, by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at <http://www.caiso.com> (or such other internet address as the ISO may publish from time to time), increase or decrease the BEEP Interval within the range of five (5) to thirty (30) minutes.

BEEP Interval Ex Post Prices

The prices charged to or paid by Scheduling Coordinators for Imbalance Energy in each Zone in each BEEP Interval.

Direct Access Demand

The Demand of Direct Access End-Users.

Direct Access End-User

An Eligible Customer located within the Service Area of a UDC who purchases Energy and Ancillary Services through a Scheduling Coordinator.

Direct Access Generation

An Eligible Customer who is selling Energy or Ancillary Services through a Scheduling Coordinator.

Dispatch

The operating control of an integrated electric system to:
i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.

Dispatchable Loads

Load which is the subject of an Adjustment Bid.

Distribution System

The distribution assets of a TO or UDC.

EEP (Electrical Emergency Plan)

A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve.

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.

Final Hour-Ahead Schedule

The Hour-Ahead Schedule of Generation and Demand that has been approved by the ISO as feasible and consistent with all other Schedules based on the ISO's Hour-Ahead Congestion Management procedures.

Final Schedule

A Schedule developed by the ISO following receipt of a Revised Schedule from a Scheduling Coordinator.

Final Settlement Statement

The restatement or recalculation of the Preliminary Settlement Statement by the ISO following the issue of that Preliminary Settlement Statement.

pursuant to the terms of the ISO Tariff with respect to Access Charges or Wheeling Access Charges.

ISO Debtor

A Scheduling Coordinator or a Participating TO that is required to make a payment to the ISO under the ISO Tariff.

ISO Default Interest Rate

The rate which is equal to 2% above the average rate of interest which the ISO Bank charges to the ISO in respect of its borrowings.

ISO Documents

The ISO Tariff, the ISO Protocols, ISO bylaws, and any agreement entered into between the ISO and a Scheduling Coordinator, a Participating TO or any other Market Participant pursuant to the ISO Tariff.

ISO Governing Board

The Board of Governors established to govern the affairs of the ISO.

ISO Home Page

The ISO internet home page at <http://www.caiso.com/> or such other internet address as the ISO shall publish from time to time.

ISO Market

Any of the markets administered by the ISO under the ISO Tariff, including, without limitation, Imbalance Energy, Ancillary Services, and FTRs.

may be otherwise derived by the use of Approved Load Profiles.

Meter Points

Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.

Metered Quantities

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, MVA_r and MVA_rh.

Monthly Peak Load

The maximum hourly Demand on a Participating TO's transmission system for a calendar month, multiplied by the Operating Reserve Multiplier.

MSS (Metered Subsystem)

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

Municipal Tax Exempt TO

the corresponding provisions of prior law without regard to the identity of the holder thereof. Municipal Tax Exempt Debt does not include Local Furnishing Bonds.

A Transmission Owner that has issued Municipal Tax Exempt Debt with respect to any transmission facilities, or rights associated therewith, that it would be required to place under the ISO's Operational Control pursuant to the Transmission Control Agreement if it were a Participating TO.

NERC

The North American Electric Reliability Council or its successor.

New High Voltage Facility

A High Voltage Transmission Facility of a Participating TO that enters service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made after the beginning of the transition period described in Section 4.1 of Schedule 3 of Appendix F to an Existing High Voltage Transmission Facility.

**New Participating TO
Nomogram**

A Participating TO that is not an Original Participating TO. A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WSCC operating criteria.

Non-ISO Participant

An entity that is not a Market Participant or a Participating TO.

**Non-ISO Transmission
Facilities**

Transmission facilities, either inside or outside the State of California, over which the ISO does not exert Operational Control.

Non-Participating Generator

A Generator that is not a Participating Generator.

discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time.

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

Participating TO

Services through a Scheduling Coordinator over the ISO Controlled Grid, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.

A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the ISO's Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO.

Payment Date

The date by which invoiced amounts are to be paid under the terms of the ISO Tariff.

**PBR (Performance-Based
Ratemaking)**

Regulated rates based in whole or in part on the achievement of specified performance objectives.

Physical Scheduling Plant

A group of two or more related Generating Units, each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: i) multiple generating components are related by a common flow of fuel which cannot be interrupted without a substantial loss of efficiency of the combined output of all components; ii) the Energy production from one component

Responsible Utility

The utility which is a party to the TCA in whose Service Area the Reliability Must-Run Unit is located or whose Service Area is contiguous to the Service Area in which a Reliability Must-Run Unit owned by an entity outside of the ISO Controlled Grid is located.

Revenue Requirement

The revenue level required by a utility to cover expenses made on an investment, while earning a specified rate of return on the investment.

Revenue Review Panel

The panel established by the ISO Governing Board to review the Transmission Revenue Requirement of non-FERC jurisdictional Participating TOs.

Revised Schedule

A Schedule submitted by a Scheduling Coordinator to the ISO following receipt of the ISO's Suggested Adjusted Schedule.

RMR Owner

The provider of services under a Reliability Must-Run Contract.

RTG (Regional Transmission Group)

A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion and use of transmission on a regional and inter-regional basis.

SCADA (Supervisory Control and Data Acquisition)

A computer system that allows an electric system operator to remotely monitor and control elements of an electric system.

Severance Fee

The charge or periodic charge assessed to customers to recover the reasonable uneconomic portion of costs associated with Generation-related assets and obligations, nuclear decommissioning, and capitalized Energy efficiency investment programs approved prior to August 15, 1996 and as defined in the California Assembly Bill No. 1890 approved by the Governor on September 23, 1996.

Spinning Reserve

The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

Standby Rate

Means a rate assessed a Standby Service Customer by the Participating TO, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities.

Standby Service

Service provided by a Participating TO which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit serving the customer's Load.

hour ending 0100 and ending at the end of the hour ending 2400 daily, except where there is a change to and from daylight savings time.

Transfer Schedule

A Schedule for Energy that is delivered from one Scheduling Coordinator to another. Each Transfer Schedule must originate and terminate completely within the ISO Control Area and may not involve more than two (one sending and one receiving) Scheduling Coordinators.

Transition Charge

The component of the Access Charge collected by the ISO with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3.

Transition Period

The period of time established by the California Legislature and CPUC to allow IOUs and Local Publicly Owned Electric Utilities an opportunity to recover Transition Costs or Severance Fees.

Transmission Losses

Energy that is lost as a natural part of the process of transmitting Energy from Generation to Load delivered

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.

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

Wheeling Out

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.

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

ISO Tariff Appendix F

Schedule 3

High Voltage Access Charges

1. Objectives and Definitions

1.1 Objectives

- (a) The Access Charge will remain utility-specific until a New Participating TO executes the Transmission Control Agreement, at which time the Access Charge will change as discussed below.
- (b) The Access Charge is the charge assessed for using the ISO Controlled Grid. It consists of three components, the High Voltage Access Charge (HVAC), the Transition Charge and the Low Voltage Access Charge (LVAC).
- (c) The HVAC ultimately will be based on one ISO Grid-wide rate. Initially, the HVAC will be based on TAC Areas, which will transition 10% per year to ISO Grid-wide. In the first year after the Transition Date described in Section 4.2 of this Schedule 3, the HVAC will be a blend based on 10% ISO Grid-wide and 90% TAC Area.
- (d) New High Voltage Transmission Facility additions and capital additions to existing High Voltage Transmission Facilities will be immediately included in the ISO Grid-wide component of the HVAC.
- (e) The LVAC will remain utility-specific and will be determined by each Participating TO.
- (f) The cost-shift associated with transitioning from utility-specific rates to one ISO Grid-wide rate will be mitigated in accordance with the ISO Tariff, including this schedule.

1.2 Definitions

(a) Master Definition Supplement

Unless the context otherwise requires, any word or expression defined in the Master Definition Supplement shall have the same meaning where used in this Schedule 3.

(b) Special Definitions for this Appendix

When used in this Schedule 3 with initial capitalization, the following terms shall have the meanings specified below.

"Existing High Voltage Transmission Facility" means a High Voltage Transmission Facility of a Participating TO that is not a New High Voltage Transmission Facility.

"TAC Benefit" means (a) the amount, if any, for each year by which the cost of High Voltage Transmission Facilities associated with deliveries of Energy to Gross Loads in the Service Area of, or directly served by, the New Participating TO is reduced by the implementation of the High Voltage Access Charge described in Schedule 3 to Appendix F; reduced by (b) the difference between (i) the amount that the New Participating TO pays for Grid Management Charges; and (ii) the amount that the New Participating TO would have paid for Grid Management Charges had the participant not been a New Participating TO. The TAC Benefit of a New Participating TO shall not be less than zero.

2. Assessment of High Voltage Access Charge and Transition Charge.

All UDCs or MSSs providing Energy delivered for the supply of all Gross Loads directly connected to the transmission facilities or Distribution System of the UDC or MSS, and all Scheduling Coordinators providing Energy delivered for the supply of all Gross Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS shall pay to the ISO a charge for transmission service on the High Voltage Transmission Facilities included in the

ISO Controlled Grid. The charge will be based on the High Voltage Access Charge applicable to the TAC Area in which the point of delivery is located and the applicable Transition Charge. A UDC or a MSS that is also a Participating TO shall pay, or receive payment of, if applicable, the difference between (i) the High Voltage Access Charge and Transition Charge applicable to its transactions as a UDC or MSS; and (ii) the disbursement of High Voltage Access Charge revenues to which it is entitled pursuant to Section 7.1.3 of the ISO Tariff.

3. TAC Areas.

- 3.1** TAC Areas are based on the Control Areas in California prior to the ISO Operations Date. Three TAC Areas will be established based on the Original Participating TOs: (1) a Northern Area consisting of the Service Area of Pacific Gas and Electric Company and the Service Area of any entity listed in Section 3.3 or 3.5 of this Schedule; (2) an East Central Area consisting of the Service Area of Southern California Edison Company and the Service Area of any entity listed in Section 3.4, 3.5 or 3.6 (as indicated therein) of this Schedule 3; and (3) a Southern Area consisting of the Service Area of San Diego Gas & Electric Company. Participating TOs that are not in one of the above cited Service Areas are addressed below.
- 3.2** If the Los Angeles Department of Water and Power joins the ISO and becomes a Participating TO, its Service Area will form a fourth TAC Area, the West Central Area.
- 3.3** If any of the following entities becomes a Participating TO, its Service Area will become part of the Northern Area: Sacramento Municipal Utility District, Western Area Power Administration - Sierra Nevada Region, Northern California Power Agency, City of Redding, Silicon Valley Power, City of Palo Alto, City and County of San Francisco, Alameda Bureau of Electricity, City of Biggs, City of Gridley, City of Healdsburg, City of Lodi, City of Lompoc Utility Department, Modesto Irrigation District, Turlock Irrigation District, Plumas County Water Agency, City of Roseville Electric Department, City of Shasta Lake, and City of Ukiah or any other entity owning or having

contractual rights to High Voltage or Low Voltage Transmission Facilities in Pacific Gas and Electric Company's Control Area prior to the ISO Operations Date.

- 3.4** If any of the following entities becomes a Participating TO, its Service Area will become part of the East Central Area: City of Anaheim Public Utility Department, City of Riverside Public Utility Department, City of Azusa Light and Water, City of Banning Electric, City of Colton, City of Pasadena Water and Power Department, The Metropolitan Water District of Southern California and City of Vernon or any other entity owning or having contractual rights to High Voltage or Low Voltage Transmission Facilities in Southern California Edison Company's Control Area prior to the ISO Operations Date.
- 3.5** If the California Department of Water Resources becomes a Participating TO, its High Voltage Transmission Revenue Requirements associated with High Voltage Transmission Facilities in the Northern Area would become part of the High Voltage Transmission Revenue Requirement for the Northern Area while the remainder would be included in the East Central Area.
- 3.6** If the City of Burbank Public Service Department (Burbank) and/or the City of Glendale Public Service Department (Glendale) become Participating TOs after or at the same time as the Los Angeles Department of Water and Power becomes a Participating TO, then the Service Area of Burbank and/or Glendale would become part of the West Central Area. Otherwise, if Burbank or Glendale becomes a Participating TO, prior to Los Angeles, its Service Area will become part of the East Central Area. Once either Burbank or Glendale are part of the East Central Area, they will not move to the West Central Area if such area is established.
- 3.7** If the Imperial Irrigation District or an entity outside the State of California should apply to become a Participating TO, the ISO Governing Board will

significant cost shifts, the ISO Governing Board may establish a separate TAC Area.

4. Transition Date

4.1 New Participating TOs shall provide the ISO with a notice of intent to join and execute the Transmission Control Agreement by either January 1 or July 1 of any year.

4.2 The transition shall begin on either January 1 or July 1 after the date the first New Participating TO's execution of the Transmission Control Agreement takes effect (Transition Date). The Transition Date shall be the same for the Northern Area, East Central Area and the Southern Area. The Transition Date shall also be the same for the West Central Area, should it come into existence in accordance with Section 3.2 of this Schedule 3, unless the ISO provides additional information demonstrating the need for a deferral. The 10-year transition defined in Section 5.8 of Schedule 3 shall start from that date. If the West Central TAC Area is created after the Transition Date, the applicable High Voltage Access Charge shall transition to an ISO Grid-wide High Voltage Access Charge over the period remaining from the Transition Date, on the same schedule as the other TAC Areas.

4.3 Application to Additional TAC Areas. For any TAC Areas other than those specified in Section 4.2 created after the Transition Date, including any TAC Area created as a result of the application of Section 3.7, whether and over what period the applicable High Voltage Access Charge shall transition to an ISO Grid-wide charge shall be determined by the ISO Governing Board.

4.4 Application to Wheeling Access Charges. The transition described in this Section 4 shall also apply, on the same schedule, to High Voltage Wheeling Access Charges.

5. Determination of the Access Charge.

- 5.1** The Access Charge consists of a High Voltage Access Charge (HVAC) that is based on a TAC Area component and an ISO Grid-wide component, a Transition Charge, and a Low Voltage Access Charge (LVAC) that is based on a utility-specific rate established by each Participating TO.
- 5.2** Each Participating TO will develop, in accordance with Section 6 of this Schedule 3, a High Voltage Transmission Revenue Requirement (HVTRR_{PTO}) consisting of a Transmission Revenue Requirement for Existing High Voltage Transmission Facility (EHVTRR_{PTO}) and a Transmission Revenue Requirement

for New High Voltage Transmission Facility (NHVTRR_{PTO}). The HVTRR_{PTO} deducts Transmission Revenue Credits.

5.3 Gross Load forecasts, that are consistent with each Participating TO's filed Transmission Revenue Requirement, will be determined by the ISO based on information provided by Participating TOs (GL_{PTO}).

5.4 The HVAC applicable to each UDC, MSS and Scheduling Coordinator, shall be based on a TAC Area component (HVAC_A) and an ISO Grid-wide component (HVAC_I).

$$HVAC = HVAC_A + HVAC_I$$

5.5 The Existing Transmission Revenue Requirement for the TAC Area component (ETRR_A) is the summation of each Participating TO's EHVTRR_{PTO} in that TAC Area. The Gross Load in the TAC Area (GL_A) is the summation of each Participating TO's Gross Load in that TAC Area (GL_{PTO}). The TAC Area component will be based on the product of Existing Transmission Revenue Requirement for the TAC Area (ETRR_A) and the applicable annual transition percentage (%TA) in Section 5.8 of this Schedule 3, divided by the Gross Load in the TAC Area (GL_A).

$$ETRR_A = \sum EHVTRR_{PTO}$$

$$GL_A = \sum GL_{PTO}$$

$$HVAC_A = (ETRR_A * \%TA) / GL_A$$

5.6 The Existing Transmission Revenue Requirement for the ISO Grid-wide component (ETRR_I) will be the summation of all TAC Areas' ETRR_A multiplied by the applicable annual transition percentage (%IGW) in Section 5.8 of this Schedule 3. The New Transmission Revenue Requirement (NTRR) is the summation of each Participating TO's NHVTRR_{PTO}. The ISO Grid-wide component will be based on the ETRR_I plus the NTRR, divided by the summation of all Gross Loads in the TAC Areas (GL_A).

$$ETRR_I = \sum ETRR_A * \%IGW$$

$$HVAC_I = (ETRR_I + NTRR) / \sum GL_A$$

The foregoing formulas will be adjusted, as necessary to take account of new TAC Areas.

- 5.7** The Transition Charge shall be calculated separately for each Participating TO by dividing (i) the net difference between (1) the Participating TO's payment responsibility, if any, under Section 8.6 of the ISO Tariff and Section 7 of this Schedule 3; and (2) the amount, if any, payable to the Participating TO in accordance with Section 8.6 of the ISO Tariff and Section 7 of this Schedule 3; by (ii) the total of all forecasted Gross Load in the Service Area of the Participating TO, including UDCs and MSSs. If greater than zero, the Transition Charge shall be collected with the High Voltage Access Charge. If less than zero, the Transition Charge shall be credited with the High Voltage Access Charge.
- 5.8** The High Voltage Access Charge shall transition over a 10-year period from TAC Area to ISO Grid-wide. The transition percentage to be used for each year will be based on the following:

Year	TAC Area High Voltage (%TA)	ISO Grid-Wide High Voltage (%IGW)
1	90%	10%
2	80%	20%
3	70%	30%
4	60%	40%
5	50%	50%
6	40%	60%
7	30%	70%
8	20%	80%
9	10%	90%
10	0%	100%

5.9 After the completion of the transition period applicable to a TAC Area, the High Voltage Access Charge for all such TAC Areas which have completed the transition shall be equal to the sum of the High Voltage Transmission Revenue Requirements of all Participating TOs, divided by the sum of the Gross Loads of all Participating TOs.

6 High Voltage Transmission Revenue Requirement.

6.1 The High Voltage Transmission Revenue Requirement of a Participating TO will be determined consistent with ISO procedures posted on the ISO Home Page and shall be the sum of:

- (a) the Participating TO's High Voltage Transmission Revenue Requirement (including costs related to Existing Contracts associated with transmission by others and deducting transmission revenues actually expected to be received by the Participating TO related to transmission for others in accordance with Existing Contracts, less the sum of the Standby Transmission Revenues); and
- (b) the annual TRBA adjustment, which shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior calendar year's difference between projected and actual credits.

7 Limitation

- (a) During each year of the transition period described in Section 4 of this Schedule 3, the increase in the total payment responsibility applicable to deliveries of Energy to Gross Loads in the Service Area of an Original Participating TO attributable to the total for the year of (i) the amount applicable for the Original Participating TO under Section 8.6 of the ISO Tariff; plus (ii) the amount applicable to the implementation of the High Voltage Access Charge; less (iii) the amount by which the GMC payable with respect to deliveries of Energy to Gross Loads in the Service Area of the Original Participating TO is reduced due to the inapplicability to New Participating TOs of the exclusion of certain volumes in the calculation of GMC responsibility in accordance with Schedule 1 to this Appendix F, shall not exceed the amount specified in paragraph (b), below. This limitation shall be calculated individually for each Original Participating TO, provided that, if the net effect of items (i), (ii) and (iii) above is positive for one or more Original Participating TOs for any year, the combined net effect shall be allocated among all Original Participating TOs in proportion to the amounts specified in paragraph (b). This limitation shall be applied by the ISO's calculation annually of amounts payable by New Participating TOs to Original Participating TOs such that the combined effect of items (i), (ii), and (iii) above, and the payments received by each Original Participating TO shall not exceed the amounts specified in paragraph (b). The amount receivable by the Original Participating TO from the New Participating TOs to implement the limitation in paragraph (b) below, shall be credited through the Transition Charge established pursuant to Section 5.7 of this Schedule 3. Payment responsibility under this section, if any, shall be allocated among New Participating TOs in proportion to their positive TAC Benefits.

- (b) The maximum annual amounts for Original Participating TO shall be as follows:
 - (i) For Pacific Gas and Electric Company and Southern California Edison Company, the maximum annual amount shall be thirty-two million dollars (\$32,000,000.00) each; and
 - (ii) For San Diego Gas & Electric Company, the maximum annual amount shall be eight million dollars (\$8,000,000.00).

8. Updates to High Voltage Access Charges.

8.1 High Voltage Access Charges shall be adjusted effective January 1 and July 1 of each year to reflect: (1) the addition of any New Participating TO during the preceding six months and (2) changes to the High Voltage Transmission Revenue Requirements of any Participating TO that were accepted by the FERC or the ISO during the preceding six months. Additionally, differences between the High Voltage Transmission Revenue Requirement of a Participating TO approved by FERC or the ISO and the High Voltage Revenue Requirement of the Participating TO reflected in the High Voltage Access Charge shall be trued-up on an annual basis each July 1.

8.2 Any refund associated with a Participating TO's Transmission Revenue Requirement that has been accepted by FERC, subject to refund, shall be included in the Transmission Revenue Balancing Account.

9. Approval of Updated High Voltage Revenue Requirements

9.1 Participating TOs that are FERC-jurisdictional entities will make the appropriate filings at FERC to establish their Transmission Revenue Requirements for their Low Voltage Access Charges and the applicable High Voltage Access Charges, and to obtain approval of any changes thereto. All such filings with the FERC will include appropriate 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 FERC jurisdictional, 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 FERC jurisdictional. 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 FERC jurisdictional. 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.