

**UNBUNDLED GRID MANAGEMENT CHARGE  
TARIFF LANGUAGE**

5.7 Interconnection to the ISO Controlled Grid.	181
5.8 Recordkeeping; Information Sharing.	182
5.9 Access Right.	183
5.10 Black Start Services.	184
<b>6. TRANSMISSION SYSTEM INFORMATION AND COMMUNICATIONS.</b>	<b>185</b>
6.1 WEnet.	185
6.2 Reliable Operation of the WEnet.	187
6.3 Information to be Provided By Connected Entities to the ISO.	188
6.4 Failure or Corruption of the WEnet.	188
6.5 Confidentiality.	189
6.6 Standards of Conduct.	189
<b>7. TRANSMISSION PRICING.</b>	<b>189</b>
7.1 Access Charges.	189
7.2 Zonal Congestion Management.	198
7.3 Usage Charges and Grid Operations Charges.	207
7.4 Transmission Losses.	213
<b>8. GRID MANAGEMENT CHARGE.</b>	<b>215</b>
8.1 ISO's Obligations.	215
8.2 <a href="#">Components of Costs Included in</a> the Grid Management Charge.	216
8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators <a href="#">and Other Appropriate Parties.</a>	217
8.4 Calculation and Adjustment of the Grid Management Charge.	217A
8.5 Operating and Reserve Account.	218
8.6 Transition Mechanism	218
<b>9. FIRM TRANSMISSION RIGHTS</b>	<b>219</b>
9.1 General	219
9.2 Characteristics of Firm Transmission Rights	219
9.3 Maximum Number of Firm Transmission Rights	221
9.4 Issuance of Firm Transmission Rights by the ISO by Auction	222
9.5 Distribution of Auction Revenues Received by the ISO for Firm Transmission Rights	228
9.6 Distribution of Usage Charges to FTR Holders	228
9.7 Scheduling Priority of FTR Holders	230
9.8 Assignment of Firm Transmission Rights	231

\* \* \* \* \*

**2.2.7.3 Limitation on Trading.** A Scheduling Coordinator, UDC or MSS that does not maintain an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, shall maintain security in accordance with Section 2.2.3.2. For the avoidance of doubt, the ISO Security Amount is intended to cover the entity's outstanding and estimated liability for either (i) Grid Management Charge; and/or (ii) Imbalance Energy, Ancillary Services, Grid Operations Charge, Wheeling Access Charge, High Voltage Access Charge, Transition Charge, and Usage Charges. Each Scheduling Coordinator, UDC or MSS required to provide an ISO Security Amount under Section 2.2.3.2 shall notify the ISO of the initial ISO Security Amount (separated into amounts securing payment of the Grid Management Charge and amounts securing payments of other charges) that it wishes to provide at least fifteen (15) days in advance and shall ensure that the ISO has received such ISO Security Amount prior to the date the Scheduling Coordinator commences trading or the UDC or MSS commences receiving bills for the High Voltage Access Charge and Transition Charge. A Scheduling Coordinator, UDC or MSS may at any time increase its ISO Security Amount by providing additional guarantees or credit support in accordance with Section 2.2.3.2. A Scheduling Coordinator, UDC or MSS may reduce its ISO Security Amount by giving the ISO not less than fifteen (15) days notice of the reduction, provided that the Scheduling Coordinator, UDC or MSS is not then in breach of this Section 2.2.7.3. The ISO shall release, or permit a reduction in the amount of, such guarantees or other credit support required to give effect to a permitted reduction in the ISO Security Amount as the Scheduling Coordinator, UDC or MSS may select. Following the date on which a Scheduling Coordinator commences trading, the Scheduling Coordinator shall not be entitled to submit a Schedule to the ISO and the ISO may reject any Schedule submitted if, at the time of submission, the Scheduling Coordinator's ISO Security Amount is exceeded by the Scheduling Coordinator's estimated aggregate liability for Imbalance Energy, Ancillary Services, Grid Management Charge, Grid Operations Charge, Wheeling Access Charge, and Usage Charges on each Trading Day for which Settlement has not yet been made in accordance with Section 11.3.1 and the Scheduling Coordinator's estimated liability for High Voltage Access Charge and Transition Charge for which Settlement has not yet been made in accordance with Section 11.3. The ISO shall notify a Scheduling Coordinator if at any time such outstanding liability exceeds 90% of the relevant portion of the ISO Security Amount. For the purposes of calculating the Scheduling Coordinator's estimated aggregate liability, ~~for any Trading Day for which all relevant Settlement data is not yet available, calculation of the Scheduling Coordinator's liability shall be equal to the gross Energy (in kWh) scheduled for delivery to Gross Load by the Scheduling Coordinator on that Trading Day multiplied by (i) the Grid Management Charge Rate per kWh, (ii) the ISO's estimated average cost for Imbalance Energy, Ancillary Services and Usage Charges per kWh of Energy traded, as such estimated cost is notified by the ISO to Scheduling Coordinators from time to time and each calculated with regard to the relevant portion of the ISO Security Amount. the estimate shall include (1) outstanding charges for Trading Days for which Settlement data is available, and (2) an estimate of charges for Trading Days for which Settlement data is not yet available. To estimate charges for Trading Days for which Settlement data is~~

not yet available, the ISO will consider available historical Settlement data, appropriately adjusted to reflect recent market prices and trends, or other available information for individual Scheduling Coordinators.

Following the date on which a UDC or MSS commences operation, the UDC's or MSS's Scheduling Coordinator shall not be entitled to submit a Schedule to the ISO and the ISO ~~may~~ reject any Schedule submitted if, at the time of submission, the UDC's or MSS's ISO Security Amount is exceeded by the UDC's or MSS's estimated aggregate liability for Grid Management Charge, and/or High Voltage Access Charges and Transition Charges for which Settlement has not yet been made in accordance with Section 11.3. The ISO shall notify a UDC or MSS if at any time such outstanding liabilities exceed 90% of the relevant portion of the ISO Security Amount. For the purposes of estimating the UDC's or MSS's aggregate liability for High Voltage Access Charges and Transition Charges, the UDC's or MSS's liability shall be equal to the billed Load (in ~~k~~MWh) for a month in the UDC's or MSS's Service Area (including exports from the Service Area) multiplied by the ISO's estimated High Voltage Access Charge and Transition Charge for that month, as such estimated cost is notified by the ISO to UDCs and MSSs from time to time.

\* \* \* \* \*

October 19, 2000

## **8. GRID MANAGEMENT CHARGE.**

### **8.1 ISO's Obligations.**

#### **8.1.1 FERC's Uniform System of Accounts.**

The ISO shall maintain a set of financial statements and records in accordance with the FERC's Uniform System of Accounts.

#### **8.1.2 [Not Used]**

### **8.2 ~~Components of Costs Included in~~ the Grid Management Charge.**

~~The formula adopted for setting the Grid Management Charge shall include the following components:~~

#### **8.2.1 ~~[Not Used]—Start Up and Development Costs.~~**

~~The ISO start up and development costs shall include an amortized amount standing to the credit of the ISO Memorandum Account plus any additional start up or development costs incurred after the date of Resolution E-3459 (July 17, 1996) plus any additional capital expenditure budgeted to be incurred by the ISO in 1998 ("Start Up and Development Costs"). The amortized amount to be included in the Grid Management Charge shall be equal to the amount necessary to fully amortize all Start Up and Development Costs over a period 5 years, or such longer period as the ISO Governing Board shall decide.~~

#### **8.2.2 Operating Costs.**

Budgeted annual operating costs, which shall include all staffing costs including remuneration of contractors and consultants, salaries, benefits and any incentive programs for employees, costs of operating, replacing and maintaining ISO systems, lease payments on facilities and equipment necessary for the ISO to carry out its business, ~~reasonable contingencies~~, and annual costs of financing the ISO's working capital and other operating costs ("Operating Costs").

#### **8.2.3 Financing Costs.**

The ~~other~~ financing costs that are approved by the ISO Governing Board, including ~~debt service on start-up costs and future capital expenditures. c~~Capital expenditures that may be financed over such period as the ISO Governing Board shall decide. Financing Costs shall also include the ISO start up and development costs standing to the credit of the ISO Memorandum Account plus any additional start up or development costs incurred after the date of Resolution E-3459 (July 17, 1996), plus any additional capital expenditure incurred by the ISO in 1998 ("Start Up and Development Costs"). The amortized amount to be included in the Grid Management Charge shall be equal to the amount necessary to amortize fully all Start Up and Development Costs over a period of five (5) years, or such longer period as the ISO Governing Board shall decide. ("Financing Costs").

#### **8.2.4 Operating and Capital Reserves Cost.**

The budgeted annual cost of pay-as-you-go capital expenditures and reasonable coverage of debt service obligations. Such reserves shall be utilized to minimize the impact of any variance between forecast and actual costs throughout the year ("Operating and Capital Reserves Costs").

### **8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators and Other Appropriate Parties.**

The costs recovered through the Grid Management Charge shall be allocated to the three service charges that comprise the Grid Management Charge. The costs recovered through each service charge shall be delineated in the annual informational FERC filing to be made pursuant to Schedule 1, Part D of this Tariff. The three service charges are as follows:

- (1) Control Area Services Charge,
- (2) Inter-Zonal Scheduling Charge, and
- (3) Market Operations Charge.

The three charges shall be levied separately monthly in arrears on all Scheduling Coordinators and other appropriate parties by based on the billing determinants specified below for each charge. -charging each Scheduling Coordinator the product of the Grid Management Charge rate as calculated under Section 8.4, and the monthly metered consumption in MWh of Energy (including Wheeling Out and Wheeling Through the ISO Controlled Grid) for that Scheduling Coordinator or by such other method as shall be approved by the ISO Governing Board and filed with FERC, which shall be reflected in a rate schedule appended to the ISO Tariff.

### **8.3.1 Control Area Services Charge.**

The Control Area Services Charge for a Scheduling Coordinator or other appropriate party is calculated as the product of the rate for the Control Area Services Charge and the Control Area Gross Load and exports of the Scheduling Coordinator or other appropriate party. The rate for the Control Area Services Charge is determined by dividing the GMC costs allocated to this service category by the total Control Area Gross Load and exports, according to the formula in Schedule 1 of this Tariff.

### **8.3.2 Inter-Zonal Scheduling Charge.**

The Inter-Zonal Scheduling Charge for each Scheduling Coordinator is calculated as the product of the rate for the Inter-Zonal Scheduling Charge and the absolute value of the net scheduled inter-zonal flow (excluding ETCs) per path for that Scheduling Coordinator. The rate for the Inter-Zonal Scheduling Charge is determined by dividing the GMC costs allocated to this service category by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path, according to the formula in Schedule 1 of this Tariff.

### **8.3.3 Market Operations Charge.**

The Market Operations Charge for each Scheduling Coordinator is calculated as the product of the rate for the Market Operations Charge and the Scheduling Coordinator's total purchases and sales of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed). The rate for the Market Operations Charge is determined by dividing the GMC costs allocated to this service category by the total purchases and sales of Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) according to the formula in Schedule 1 of this Tariff.

## **8.4 Calculation and Adjustment of the Grid Management Charge.**

The three charges set forth in Section 8.3 that comprise the Grid Management Charge shall be calculated annually by summing the Operating Costs (less any available expense recoveries), Financing Costs, and Operating and Capital Reserves Costs associated with each of the three ISO services, to obtain a total Revenue Requirement. A separate Revenue Requirement for each component of the GMC shall be established by dividing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories. The Revenue Requirement for each service then shall be divided by the forecast annual or periodic billing determinant volume to obtain a rate for each service, which will be payable by Scheduling Coordinators and other appropriate parties as set forth in Section 8.3.

The rates so established shall be calculated by summing the Start-Up and Development Costs, the Operating Costs, the Financing Costs and the Operating and Capital Cost Reserves Cost for each fiscal year. The sum of the calculation provided in this section shall be adjusted annually, or over such lesser period as approved by the ISO Governing Board and filed with the FERC, to reflect any variance between forecast and actual costs for the previous year or period, or any surplus revenues from the previous year or period (as defined in Section 8.5), or the inability to recover from a Scheduling Coordinator or other appropriate party its share of the Grid Management Charge, or any under-achievement of a forecast of

the billing determinant volumes used to establish the rates. Schedule 1, Part B of this Tariff sets forth the conditions under which a quarterly adjustment to the Grid Management Charge may be made, annual metered Demand for the previous year or period or any surplus revenues from the previous year or period as defined under Section 8.5. The result of the Grid Management Charge calculation, adjusted for variances as set out in this Section 8.4 shall then be divided by the forecast annual or periodic volume in MWh of Energy to establish a Grid Management Charge rate in \$/MWh, which will be payable by Scheduling Coordinators as set out in Section 8.3.

**8.4.1 Credits and Debits of the Grid Management Charge.**

In addition to the adjustments permitted under Section 11.6.3.3, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator or other appropriate party for any overpayment or underpayment of the Grid Management Charge that the ISO determines occurred due to error, omission, or miscalculation by the ISO or the Scheduling Coordinator or other appropriate party.

\* \* \* \* \*

## **MASTER DEFINITIONS SUPPLEMENT**

**Control Area Gross Load** For the purpose of calculating and billing the Grid Management 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 that is separate from the switchyard to which the Generating Unit is connected will not be considered to be electrically connected at the same point); and

(b) Load that is isolated electrically from the ISO Control Area (i.e., Load that is not synchronized with the ISO Control Area).

### **Control Area Services Charge**

The component of the Grid Management Charge that provides for recovery of the ISO's costs of ensuring safe, reliable operation of the transmission grid and dispatch of bulk power supplies in accordance with regional and national reliability standards, including, but not limited to:

- performing operation studies;
- system security analyses;
- transmission maintenance standards;
- system planning to ensure overall reliability;
- integration with other Control Areas;
- emergency management;
- outage coordination;
- transmission planning; and
- scheduling generation, imports, exports, and wheeling in the Day-Ahead and Hour-Ahead of actual operations.

\* \* \* \* \*

### **Grid Management Charge**

The ISO monthly charge on all Scheduling Coordinators

~~and other appropriate parties that provides for the that is intended to recovery of the ISO's costs through the three service charges described in Section 8.3: 1) the Control Area Services Charge, 2) the Inter-Zonal Scheduling Charge, and 3) the Market Operations Charge. The three component charges are formula rates, startup and development costs and the costs associated with the ongoing operation and maintenance, including financing costs, of the ISO Controlled Grid which shall be calculated as set out in Section 8 of the ISO Tariff.~~

\* \* \* \* \*

### Gross Load

~~For the purposes of calculating the transmission Access Charge, Gross Load is a~~All Energy (adjusted for distribution losses) delivered for the supply of Loads directly connected to the transmission facilities or Distribution System of a UDC or MSS, and all Energy provided by a Scheduling Coordinator for the supply of Loads not directly connected to the transmission facilities or Distribution System of a UDC or MSS. Gross Load shall exclude Load with respect to which the Wheeling Access Charge is payable and the portion of the Load of an individual retail customer of a UDC, MSS, or Scheduling Coordinator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customers site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; (c) was serving the customer's Load on or before March 31, 2000; and (d) secured Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as

applicable, as of March 31, 2000 and continues to secure Standby Service from the Participating TO or can be curtailed concurrently with an outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed TRR will be provided by each Participating TO to the ISO.

**Inter-Zonal Scheduling Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process.

**Market Operations Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of market and settlement related services, including, but not limited to:

- Providing open and non-discriminatory access for market making activities for participants through Ancillary Services auctions and provision of Energy balancing services;
- Posting of market information;
- Market surveillance and analysis;
- Settlement, billing, and metering including using information from Day-Ahead scheduling, Hour-Ahead scheduling, and real time operations, Market Clearing Prices, bid prices, Ex Post Prices, and metered information from Generators, Loads, and inter-tie points, ultimately to balance the billing of and payments for energy, capacity, and transmission service in and out of the systems through Scheduling Coordinators. Statements and invoices are sent to Scheduling Coordinators, Participating Transmission Owners, and non SCs (e.g., other Control Areas) to collect and pay for use of the ISO market and Control Area needs.

\* \* \* \* \*

## Schedule 1

### Grid Management Charge

#### Part A – Monthly Calculation of Grid Management Charge (GMC)

The Grid Management Charge (ISO Tariff Section 8.0) is a formula rate designed to recover the ISO's administrative and operating costs, including costs incurred in establishing the ISO before its operations began. The Grid Management Charge also includes costs associated with Scheduling, System Control and Dispatch Service as described in Order No. 888.

The Grid Management Charge will be levied monthly in arrears on all Scheduling Coordinators by charging each Scheduling Coordinator the product of the Grid Management Charge rate, as calculated under section 8.4 of the ISO Tariff, and the Monthly Metered Consumption, all as expressly set forth in the following formula; provided, however, that (i) Existing Contract Deliveries shall be multiplied by a factor of 0.5 before application of the GMC; (ii) loads in a given hour served by Other Volumes shall be exempt from the GMC; (iii) Qualified Loads shall be exempt from the GMC; and (iv) all New Uses, including those by Existing Contract Entities and QFs, are subject to the full GMC. The formula through December 31, 2000, is as follows:

$$\text{Monthly Bill}_{SCi} = [\text{GMC} \times (\text{ECD}_{SCi} \times 0.50)] + [\text{GMC} \times \text{OMC}_{SCi}]$$

**Where:**

**SCi** = **the applicable Scheduling Coordinator**

**ECD** = **Existing Contract Deliveries**

**OMC** = **Other Metered Consumption**

For purposes of this Schedule 1, capitalized terms not included in the Master Definitions Supplement shall be defined as follows through December 31, 2000:

**Existing Contract Deliveries** shall mean scheduled deliveries or metered consumption under an Existing Contract to an Existing Contract Entity, calculated in MWh, in accordance with the method historically used by the parties to the Existing Contract.

**Existing Contract Entities** shall mean entities receiving energy under Existing Contract rights as defined in the ISO Tariff, as it exists on April 1, 1998, provided that, for purposes of this definition, Existing Contract rights shall not include Converted Rights, as defined in the ISO Tariff and a Participating Transmission Owner shall not qualify as an Existing Contract Entity.

**Monthly Metered Consumption** shall mean the aggregate of Other Metered Consumption and Existing Contract Deliveries.

**New Uses** shall mean volumes transported over the ISO Controlled Grid pursuant to an agreement that is not an Existing Contract under the ISO Tariff, and shall not include Qualified Loads.

**Other Metered Consumption** shall mean the sum of (i) total load of the Scheduling Coordinator within the ISO Control Area and (ii) total export of the Scheduling Coordinator outside of the ISO Control Area (including Wheeling Out and Wheeling Through the ISO Control Area); and (iii) but excluding Existing Contract Deliveries, Other Volumes and Qualified Loads. Other Metered Consumption includes New Uses.

**Other Volumes** for a given hour shall mean (i) the energy produced in that hour from any generating unit located within an Existing Contract Entity's service area or directly connected to transmission owned by

~~such Existing Contract Entity and/or (ii) any volumes transported through a path that does not include facilities in the ISO Controlled Grid other than volumes transported to serve Load in the service area of a Participating TO or for export from the Service Area of a Participating TO. Other Volumes does not include New Uses.~~

~~**Qualified Loads** means load served by QF energy that is generated on or distributed by the QF generator through private property or over distribution facilities that are dedicated to the QF through either an arrangement with the UDC in whose service territory the QF is located, or another entity that provides distribution level service, solely for its own use or the use of its tenants or two other corporations located on the real property on which the electricity is generated or on immediately adjacent real property and not for sale or transmission to others.~~

The Grid Management Charge consists of three separate service charges: the Control Area Services Charge, the Inter-Zonal Scheduling Charge, and the Market Operations Charge.

1. The rate for the Control Area Services Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Control Area Gross Load and exports, in MWh.
2. The rate for the Inter-Zonal Scheduling Charge will be calculated by dividing the GMC costs allocated to this service charge by the total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path in MWh.
3. The rate for the Market Operations Charge will be calculated by dividing the GMC costs allocated to this service charge by the total purchases and sales of Ancillary Services, Supplemental Energy, and Imbalance Energy (both instructed and uninstructed) in MWh.

#### **Part B – Quarterly Adjustment, If Required**

Each component of the The Grid Management Charge may change quarterly if the estimated billing determinate volumes for that component estimates, on an annual basis, change by 5% or more during the year. Each year the Grid Management Charge will be recalculated to reflect the following year's budget estimates and to adjust for any difference between the previous year's cost estimates and actual costs incurred, as reflected in Part D of this Schedule, "Information Requirements". The annual informational filing requirement shall not affect the ISO's ability to adjust the Grid Management Charge on a quarterly basis, when warranted.

#### **Part C – Components of Costs Recovered Through the GMC**

As provided in Section 8 of the ISO Tariff, the Grid Management Charge includes the following costs:

- Operating costs (as defined in Section 8.2.2)
- Financing costs (as defined in Section 8.2.3), including Start-Up and Development costs ~~(as defined in Section 8.2.1)~~ and
- Operating and Capital Reserve costs (as defined in Section 8.2.4)

Such costs, for the ISO as a whole, are allocated to the three service charges that comprise the Grid Management Charge: (1) Control Area Services Charge, (2) Inter-Zonal Scheduling Charge, and (3) Market Operations Charge, using appropriate methodologies, and

adjusted annually for:

- any surplus revenues from the previous year as deposited in the Operating and Capital Reserve Account, as defined under Section 8.5, or deficiency of

revenues, as recorded in a memorandum account which incorporates the difference between projected and actual costs from the previous year (such costs and adjustments being more specifically defined below in the Grid Management Charge Revenue Requirement Formula);

divided by:

- forecasted annual billing determinant volumes in MWh;

adjusted quarterly for:

- a change in the volume estimate used to calculate the individual Grid Management Charge components, if, on an annual basis, the change is 5% or more.

### The Grid Management Charge Revenue Requirement Formula is as follows:

Grid Management Charge Revenue Requirement =

- Operating Expenses + Debt Service + the greater of [(Coverage Requirement x Senior Lien Debt Service) or (Cash Funded Capital Expenditures)] - Interest Earnings - Other Revenues - Reserve Transfer

Where,

- Operating Expenses = O&M Expenses plus Taxes Other Than Income Taxes (Account 408.1) and Penalties (Account 426.3)
- O&M Expenses = Transmission O&M Expenses (Accounts 560-574) plus Customer Accounting Expenses (Accounts 901-905) plus Customer Service and Informational Expenses (Accounts 906-910) plus Sales Expenses (Accounts 911-917) plus Administrative & General Expenses (Accounts 920-935)
- Taxes Other Than Income Taxes = those taxes other than income taxes which relate to ISO operating income (Account 408.1)
- Penalties = payments by the ISO for penalties or fines incurred for violation of WSCC reliability criteria (Account 426.3)
- Debt Service = for any fiscal year, scheduled principal and interest payments, sinking fund payments related to balloon maturities, repayment of commercial paper notes, net payments required pursuant to a payment obligation, or payments due on any ISO notes. This amount includes the current year accrued principal and interest payments due April 15 of the following year.
- Coverage Requirement = 25% of the Senior Lien Debt Service.
- Senior Lien Debt Service = all Debt Service that has a first lien on ISO Net Operating Revenues (Account 128 subaccounts).
- Cash Funded Capital Expenditures = Post current fiscal year capital additions (Accounts 301-399) funded on a pay-as-you-go basis.
- Interest Earnings = Interest earnings on Operating and Capital Reserve balances (Account 419). Interest on bond or note proceeds specifically designated for capital projects or capitalized interest is excluded.
- Other Revenues = Amounts booked to Account 456 subaccounts. Such amounts include but are not limited to will include connection fees associated with communications equipment and application fees, WSCC security coordinator reimbursements, and fines assessed and collected by the ISO.
- Reserve Transfer = the projected reserve balance for December 31 of the prior year less the Reserve Requirement as adopted by the ISO Board and FERC. If

such amount is negative, the amount may be divided by two, so that the reserve is replenished within a two-year period. (Account 128 subaccounts)

- Reserve Requirement = 15% of Annual Operating Expenses.

A separate Revenue Requirement shall be established for each component of the Grid Management Charge by developing the Revenue Requirement for the ISO as a whole and then assigning such costs to the three service categories using appropriate allocation methodologies.

## **Part D – Information Requirements**

### Budget Schedule

The ISO Governing Board shall set forth a budget schedule that shall specify the dates for the budget posting and public workshop events noted below.

### Budget Posting

The ISO will post on its Internet site the preliminary proposed ISO operating and capital budget to be effective during the subsequent fiscal year, and the projected billing determinant volumes used to develop the rate for each component of the Grid Management Charge.

Subsequent to the website posting, and prior to the Board approval of the budget, the ISO shall hold a public budget workshop where it will provide an overview of and answer questions from stakeholders on the proposed budget, cost allocation, and the charges for each of the ISOs services for the following year.

### Annual Filing

~~In accordance with the settlement reached in Docket No. ER98-211-000, beginning in 1999, t~~The ISO will make an informational filing each year on December 15, or the first business day thereafter, which shall contain cost data on the ISO presented in conformance with the FERC Uniform System of Accounts (USQA). This filing shall contain ~~all information presented in the ISO's monthly financial report as provided in Paragraph 17 of the Offer of Settlement, and~~ such additional information as is required to set the GMC unit rate for the following fiscal calendar year, including the criteria used to set the projected billing determinant volumes, and a description of the process used to allocate the ISO's total costs into the revenue requirements for each of the component charges of the GMC. To the extent that any party objects to such unit rate to be established, such party must file a complaint with the FERC under Section 206 of the Federal Power Act. ~~Except as provided in Paragraph 7 of the Offer of Settlement, the Settlement will not be construed as barring a party's rights to seek or obtain relief under Section 206 of the FPA.~~

### Monthly/Periodic Financial reports

~~In accordance with the settlement reached in Docket No. ER98-211-000, t~~The ISO will create periodic monthly financial reports consisting of an income statement, balance sheet, statement of operating reserves, and such other reports as are required by that present financial data both in the form created for the ISO Board of Governors, and in a manner that conforms with the FERC USA, and shall include an explanation of how the data are converted from one format to the other. The monthly periodic financial reports ~~and the conversion explanation~~ will be posted on the ISO's Website not less than quarterly/monthly.

### Triennial Filing

~~Special procedures will be applicable to the informational filing used to establish the GMC unit rate for the year 2002, (i.e., the informational filing to be submitted December 15, 2001) and each third year thereafter (triennial filings). The ISO will submit all the information required under 18 C.F.R. § 35.13, with the exception of pre-filed testimony, with such triennial filings. The ISO further will provide discovery on the triennial filings limited to requests for existing documents related to these filings. The ISO will accept requests for such documents through the following January 8, in accordance with Paragraph 18 of the Settlement and will answer such requests by the following January 24. In accordance with Paragraph 18, parties may request a hearing by filing pleadings with the FERC by the following February 15 or by the date for filing such pleadings as set by the Commission. The ISO will inform the FERC of these procedures in its transmittal letter for the filing. If the FERC orders a hearing pursuant to such pleadings, then the ISO agrees that it will have the burden of proof on all questions set for hearing, except for the continued use of a 25 percent Coverage Requirement, the continued use of a 15 per cent Reserve Requirement, or the justness and reasonableness of its initial debt financing, as provided in Paragraph 7 of the Offer of Settlement. The Offer of Settlement shall not limit discovery rights otherwise available if a hearing is ordered.~~

\* \* \* \* \*

### SABP 2.2.1 Costs Associated with the ISO Trust Accounts

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

\* \* \* \* \*

### SABP 3.1 Description of Charges to be Settled

The ISO shall, based on the Settlement Quality Meter Data it has received, or, if Settlement Quality Meter Data is not available, based on the best available information or estimate it has received, calculate the following:

- (a) the amount due from each Scheduling Coordinator or other appropriate party for its share for the relevant month of the three components of the Grid Management Charge in accordance with Appendix A. These is Charges shall accrue on a monthly basis.
- (b) the amount due from each Scheduling Coordinator for the Grid Operations Charge in accordance with Appendix BA, for each of the Settlement Periods of Day-0. This charge shall accrue on a monthly basis.
- (c) the amount due from and/or owed to each Scheduling Coordinator for the Charge for each Ancillary Service in accordance with Appendix C, for each of the Settlement Periods of Day 0.
- (d) the amount due from and/or owed to each Scheduling Coordinator for Imbalance Energy in accordance with Appendix D, for each of the Settlement Periods of Day 0.
- (e) the amount due from and/or owed to each Scheduling Coordinator for Usage Charges in accordance with Appendix E, for each of the Settlement Periods of Day 0.
- (f) the amount due from each Scheduling Coordinator for Wheeling Out and Wheeling Through Charges and the amount owed to each Participating TO for these charges in accordance with Appendix F, for each of the Settlement Periods of Day 0.
- (g) the amounts due from/to Scheduling Coordinators for Voltage Support (supplemental reactive power charges) for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (h) the monthly charges due from/to Scheduling Coordinators for long term voltage support provided by Owners of Reliability Must-Run Units in accordance with Appendix G.
- (i) the amounts due from/to Scheduling Coordinators for the provision of Black Start Energy from Reliability Must-Run Units for each of the Settlement Periods of Day 0 in accordance with Appendix G.
- (j) the amounts due from/to Black Start Generators for the provision of Black Start Energy for each of the Settlement Periods of Day 0 in accordance with Appendix G.

- (k) the amount due from each UDC or MSS, or from a Scheduling Coordinator delivering Energy for the supply of Gross Load not directly connected to the facilities of a UDC or MSS, for the High Voltage Access Charge and Transition Charge in accordance with operating procedures posted on the ISO Home Page. These charges shall accrue on a monthly basis.

All of the data, information, and estimates the ISO uses to calculate these amounts shall be subject to the auditing requirements of Section 10.5 of the ISO Tariff.

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

\* \* \* \* \*

### **SABP 3.2.1 Settlement of Payments to/from Scheduling Coordinators and Participating TOs**

The ISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for each Settlement Period of that Trading Day and shall arrive at a net amount payable for each charge by or to that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Preliminary and Final Settlement Statements that the ISO will provide to the relevant Scheduling Coordinator, Black Start Generator or Participating TO as provided in SABP 4.

The three components of the Grid Management Charge will be included in the Preliminary Settlement Statement and Final Settlement Statement with the other types of charges referred to in SABP 3.1, but a separate invoice for the Grid Management Charge, stating the rate, billing determinant volume and total charge for each of its three components, will be issued by the ISO.

\* \* \* \* \*

### **SABP 5 Invoices**

The ISO shall provide on the day specified in the ISO Payments Calendar an invoice in the format set out in SABP Appendix I showing:

- (a) amounts which according to each of the Preliminary and Final Settlement Statements of that Billing Period are to be paid from or to each Scheduling Coordinator, Black Start Generator or Participating TO;
- (b) the Payment Date, being the date on which such amounts are to be paid or received and the time for such payment; and
- (c) details (including the account number, bank name and Fed-Wire transfer instructions) of the ISO Clearing Account to which any amounts owed by the Scheduling Coordinator, Black Start Generator or Participating TO are to be paid.

A separate invoice will be issued for the Grid Management Charge, stating the rate, billing determinant volume and total charge for each of its three components, will be issued by the ISO.

\* \* \* \* \*

### **SABP 6.3.1.3 Grid Management Charge**

The ISO is authorized to instruct the ISO Bank to debit the ISO Clearing Account and transfer to the relevant ISO account sufficient funds to pay in full the Grid Management Charge falling due on any Payment Day with priority over ~~in priority to~~ any other payments to be made on that or on subsequent days out of the ISO Clearing Account.

\* \* \* \* \*

### **SABP 6.5.3 Distribution of Funds**

In the event that there are funds in the ISO Surplus Account in excess of an amount to be determined by the ISO Governing Board and posted noticed by the ISO to Market Participants, on the WEnet, the amount of such excess will be distributed to Scheduling Coordinators using the same method of apportioning the refund as the method employed in apportioning the liability for the Grid Management Charge.

\* \* \* \* \*

**APPENDIX A**

**GRID MANAGEMENT CHARGE COMPUTATION**

**A 1 — Purpose of charge**

The purpose of the Grid Management Charge is to allocate to Scheduling Coordinators the ISO's startup, development, operation and maintenance costs as set out in Section 8 of the ISO Tariff.

**A 2 — Fundamental formulae**

**A 2.1 — Grid Management Price**

The Grid Management Charge is determined in accordance with Appendix F, Schedule 1 of the ISO Tariff.

The Grid Management Charge will be calculated in the following manner, with the numerator of each of the equations listed below being determined as a percentage of the total ISO budget, and the denominator (billing determinant volume) for each formula being an estimated annual value:

	=	<p style="text-align: center;">Costs recovered through the Control Area Services Charge</p>	=	RATE in \$/MWh
		<p style="text-align: center;"><u>Control Area Gross Load and exports (MWh)</u></p>		
GMC Costs	=	<p style="text-align: center;">Costs recovered through the Inter-Zonal Scheduling Charge</p>	=	RATE in \$/MWh
		<p style="text-align: center;"><u>total Scheduling Coordinators' inter-zonal scheduled flow (excluding ETCs) per path (MWh)</u></p>		
	=	<p style="text-align: center;">Costs recovered through the Market Operations Charge</p>	=	RATE in \$/MWh
		<p style="text-align: center;"><u>total purchases and sales Ancillary Services, Supplemental Energy and Imbalance Energy (both instructed and uninstructed) (MWh)</u></p>		

The grid management price (GMP) is the figure (in \$/MWh) specified in Schedule 1 of the Section 35 Cost Statement filed in accordance with Section 8.1.2 of the ISO Tariff (as amended from time to time).

**A 2.2 — Grid Management Charge**

The Grid Management Charge for each Scheduling Coordinator *j* is calculated using the following formula:

$$GMC_j = GMP * QCharge_j$$

**A 3 — Meaning of terms of formulae**

**A 3.1 — GMC<sub>j</sub> — \$**

The monthly Grid Management Charge for a given Scheduling Coordinator *j*.

~~A.3.2 QCharge<sub>j</sub> -- MWh~~

~~The monthly metered consumption (including Wheeling Out and Wheeling Through the ISO Control Area) for the Scheduling Coordinator j whose Grid Management Charge is being calculated.~~