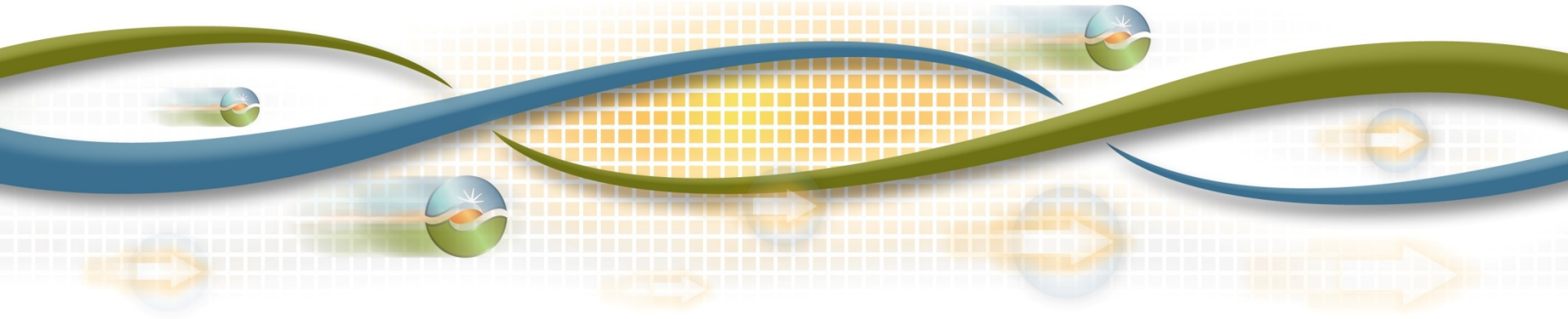


# Decision on Central Counterparty Exemption for Self-Supply from Tax-Exempt Generation

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Board of Governors Meeting  
General Session  
September 13 -14, 2012



# This tariff amendment addresses stakeholder concerns about tax-exempt bonds.

- Market participants have issued tax-exempt debt to finance generation projects
- Exemption typically based on plans to use the output to supply customers
- Other uses can jeopardize the exemption

The concern stems from the ISO's new central counterparty structure.

- At FERC's direction, the ISO became a central counterparty to market transactions on September 1
- As a result, publicly-owned utilities are formally selling the energy to the ISO
- Risk that sales might be considered “private use” of the generation

# The proposed amendment clarifies the status of certain self-supply transactions.

- Self-supply energy from tax-exempt generation is not a sale to the ISO
- Similar to a tariff provision approved for MISO
- Outside advice about the bankruptcy law implications
- No implications for ISO market

# Stakeholders support the proposed amendment.

- Broad support from publicly-owned utilities
- No opposition from other stakeholders