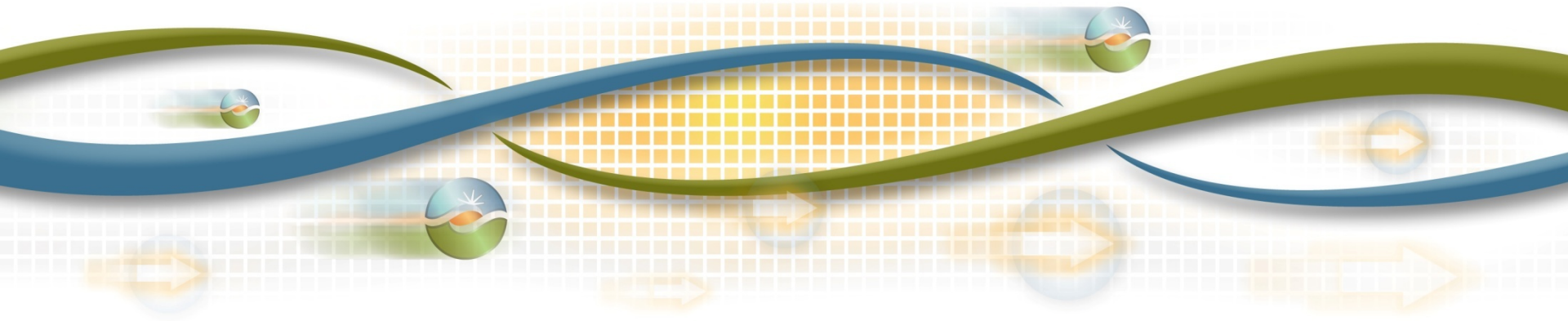


# Decision on Conditions for Inter-SC Trades

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# This tariff amendment would impose additional conditions on inter-SC trades.

- Likely necessary to obtain complete exemption from CFTC jurisdiction
- February 2012 joint filing would exempt nearly all products and services
- Supplemental request would exempt inter-SC trades
- Tariff amendment is necessary to implement proposed exemption for inter-SC trades

## Inter-SC trades help scheduling coordinators adjust payments to match agreements.

- Under bilateral contract, load pays supplier
- ISO imposes settlement charges for energy
  - charges load
  - credits supplier
- Result is “double-payment”
- Inter-SC trade avoids the “double-payment” by reversing ISO charges
- May be used to allocate other ISO charges

# The tariff amendment links inter-SC trades to their intended purpose.

- By entering inter-SC trade, scheduling coordinators would be representing that there is a corresponding bilateral transaction
- Retain records demonstrating compliance
- Records subject to audit

# Stakeholders support the proposed amendment.

- Conditions would not interfere with their business practices
- Support exemption from CFTC jurisdiction
- Prefer that ISO continue to offer inter-SC trades

Management recommends the Board approve the proposed tariff amendment.

- Will file with FERC only if it is needed to secure approval by the CFTC of a supplemental exemption request.