

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 TOs' Transmission Revenue Requirement in accordance with Appendix F, Schedule 3. A Participating TO that has no transmission customers need not develop an Access Charge.

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) to be redispatched by the ISO; (ii) the maximum

the maximum price that the customer is prepared to pay for that Energy. This bid will only be accepted in the PX auction process if the Market Clearing Price is at or below the price of the Demand Bid. A Buyer may state, for each hour, a different price preference for each demand quantity in each location, i.e., the maximum price in each hour at which it is prepared to take a specified amount of Energy in the Day-Ahead Schedule.

If a bid is submitted without a price, it is assumed that the bidder is prepared to pay the Market-Clearing Price.

Demand Forecast

An estimate of Demand over a designated period of time.

Demand Market Participant

Any Eligible Customer on behalf of whom Demand and Ancillary Services are scheduled pursuant to the ISO Tariff.

<u>Direct Access Demand</u>	The Demand of Direct Access End-Users.
<u>Direct Access End-User</u>	An Eligible Customer located within the Service Area of a UDC who purchases Energy and Ancillary Services through a Scheduling Coordinator.
<u>Direct Access Generation</u>	An Eligible Customer who is selling Energy or Ancillary Services through a Scheduling Coordinator.
<u>Dispatch</u>	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.
<u>Dispatchable Loads</u>	Load from a Participating Load which is the subject of an Adjustment Bid.
<u>Distribution System</u>	The distribution assets of a TO or UDC.
<u>EEP (Electrical Emergency Plan)</u>	A plan to be developed by the ISO in consultation with UDCs to address situations when Energy reserve.

another party to connect or disconnect electric equipment interconnected to the ISO Controlled Grid.

Ex Post GMM

GMM that is calculated utilizing the real time Power Flow Model in accordance with Section 7.4.2.1.2.

Ex Post Prices

The Hourly Ex Post Price or the BEEP Interval Ex Post Prices.

Ex Post Transmission Loss

Transmission Loss that is calculated based on Ex Post GMM.

Existing Contracts

The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

Existing Rights

Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

Facilities Study Agreement

An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.

Facility Owner

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

Facility Study

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.

Facility Thermal Ratings

For all electric current carrying facilities, all applicable capacity or electric limits to be observed during normal, short-term emergencies, and long-term emergency operating conditions.

FERC

The Federal Energy Regulatory Commission or its successor.

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.

Five Minute Ex Post Price

The price charged or paid to Scheduling Coordinators responsible for Participating Generators, System Resources or Participating Buyers for Imbalance Energy

calculated as set out in Section 8 of the ISO Tariff.

Grid Operations Charge

An ISO charge that recovers redispatch costs incurred due to Intra-Zonal Congestion in each Zone. These charges will be paid to the ISO by the Scheduling Coordinators, in proportion to their metered Demand within, and metered exports from, the Zone to a neighboring Control Area.

Gross Load

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 customer's 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.

High Voltage Access Charge

The Access Charge applicable under Section 7.1 to recover the High Voltage Transmission Revenue Requirements of each Participating TO in a TAC Area.

High Voltage Transmission Facility

A transmission facility that is owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right and that operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.

High Voltage Transmission Revenue Requirement

The portion of a Participating TO's TRR associated with and allocable to the Participating TO's High Voltage Transmission Facilities and Converted Rights associated with High Voltage Transmission Facilities.

**High Voltage Transmission
Standby Service**

Service provided by a Participating TO which allows a Standby Service Customer to utilize the Participating TO's High Voltage Transmission Facilities as a backup to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit located on or near the customer's premise.

**High Voltage Wheeling
Access Charge**

The Wheeling Access Charge associated with the recovery of a Participating TO's High Voltage Transmission Revenue Requirements in accordance with Section 7.1.

Hour-Ahead

Relating to an Hour-Ahead Market or an Hour-Ahead Schedule.

Hour-Ahead Market

The forward market for Energy and Ancillary Services to be supplied during a particular Settlement Period that is conducted by the ISO, the PX and other Scheduling Coordinators which opens after the ISO's acceptance of the Final Day-Ahead Schedule for the Trading Day in which the Settlement Period falls and closes with the ISO's acceptance of the Final Hour-Ahead Schedule.

Hour-Ahead Schedule

A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Settlement Period indicating the changes to the levels of Generation and Demand scheduled for that Settlement Period from that shown in the Final Day-Ahead Schedule.

Hourly Ex Post Price

The price charged or paid to Scheduling Coordinators Responsible for Participating Generators and

Inactive Zone

All Zones which the ISO Governing Board has determined do not have a workably competitive Generation market and as initially set out in Appendix I to the ISO Tariff.

Instructed Imbalance Energy

The real time change in Generation output or Demand (from dispatchable Generating Units, System Units, System Resources or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other dispatchable Generating Units, System Units, System Resources or Loads that are able to respond to the ISO's request for more or less Energy.

**Inter-Scheduling
Coordinator Ancillary
Service Trades**

Ancillary Service transactions between Scheduling Coordinators.

**Inter-Scheduling Energy
Coordinator Trades**

Energy transactions between Scheduling Coordinators.

Inter-Zonal Congestion

Congestion across an Inter-Zonal Interface.

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 Memorandum Account

The memorandum account established by each California IOU pursuant to California Public Utility Commission Order D. 96-08-038 date August 2, 1996 which records all ISO startup and development costs incurred by that California IOU.

ISO Tariff

The California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

ISO Grid Operations Committee

A committee appointed by the ISO Governing Board pursuant to Article IV, Section 4 of the ISO bylaws to advise on additions and revisions to its rules and protocols, tariffs, reliability and operating standards and other technical matters.

ISP (Internet Service Provider)

An independent network service organization engaged by the ISO to establish, implement and operate Wenet.

Load

An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

Load Shedding

The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.

Local Furnishing Bond

Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).

**Local Furnishing
Participating TO**

Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.

**Local Publicly Owned
Electric Utilities**

A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

Local Regulatory Authority

The state or local governmental authority responsible for the regulation or oversight of a utility.

Local Reliability Criteria

Reliability criteria established at the ISO Operations Date, unique to the transmission systems of each of the Participating TOs.

Location Code

The code assigned by the ISO to Generation input points, and Demand Take-Out Points from the ISO Controlled Grid, and transaction points from trades between Scheduling Coordinators. This will be the information used by the ISO

Controlled Grid, and transaction points for trades between Scheduling Coordinators. This will be the information used by the ISO to determine the location of the input, output, and trade points of Energy Schedules. Each Generation input and Demand Take-Out Point will have a designated Location Code identification for use in submitting Energy and Ancillary Service bids and Schedules.

Loop Flow

Energy flow over a transmission system caused by parties external to that system.

Loss Scale Factor

The ratio of expected Transmission Losses to the total Transmission Losses which would be collected if Full Marginal Loss Rates were utilized.

Low Voltage Access Charge

The Access Charge applicable under Section 7.1 to recover the Low Voltage Transmission Revenue Requirement of a Participating TO.

Low Voltage Transmission Facility

A transmission facility owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, which is not a High Voltage Transmission Facility.

Low Voltage Transmission Revenue Requirement

The portion of a Participating TO's TRR associated with and allocable to the Participating TO's Low Voltage Transmission Facilities and Converted Rights associated

with Low Voltage Transmission Facilities.

**Low Voltage Wheeling
Access Charge**

The Wheeling Access Charge associated with the recovery of a Participating TO's Low Voltage Transmission Revenue Requirement in accordance with Section 7.1.

Maintenance Outage

A period of time during which an Operator takes its facilities out of service for the purposes of carrying out routine planned maintenance, or for the purposes of new construction work or for work on de-energized and live transmission facilities (e.g., relay maintenance or insulator washing) and associated equipment.

Marginal Generators

Those Generating Units which, in an hour, are the sources of the last increments of Generation in the Preferred Schedule, excluding: (i) Must-Run Generation,

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

Section 3.3.1.

MSS Operator

An entity that owns an MSS and has executed an agreement described in Section 3.3.1.

Municipal Tax Exempt Debt

An obligation the interest on which is excluded from gross income for federal tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986 or

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.

Municipal Tax Exempt TO

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

A Participating TO that is not an Original Participating TO.

Nomogram

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.

Non-Participating TO

A TO that is not a party to the TCA or for the purposes of Sections 2.4.3 and 2.4.4 of the ISO Tariff the holder of transmission service rights under an Existing Contract that is not a Participating TO.

Non-PX Generation

Generation that is scheduled by a Scheduling Coordinator, other than the PX, and that supplies Loads through the use of transmission or distribution facilities owned by Participating TOs.

Non-PX Load

Load that is scheduled by a Scheduling Coordinator, other than the PX, and which is supplied through the use of transmission or distribution facilities owned by Participating TOs.

Non-Spinning Reserve

The portion of off-line generating capacity that is

capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.

NRC

The Nuclear Regulatory Commission or its successor.

Operating Procedures

Procedures governing the operation of the ISO Controlled Grid as the ISO may from time to time develop, and/or procedures that Participating TOs currently employ which the ISO adopts for use.

Operating Reserve

The combination of Spinning and Non-Spinning Reserve required to meet WSCC and NERC requirements for reliable operation of the ISO Control Area.

Operational Control

The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.

Operator

The operator of facilities comprised in the ISO Controlled Grid or Reliability Must-Run Units.

OPF (Optimal Power Flow)

A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.

Order No. 888

The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non-

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, Dispatchable Load, or both, 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 and which has undertaken to be bound by the terms of the ISO Tariff.

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

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

Ratemaking)

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.

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.

**Scheduling Coordinator
Metered Entity or SC
Metered Entity**

undertaking the functions specified in Section 2.2.6 of the ISO
Tariff.

means a Generator, Eligible Customer or End-User that is not
an ISO Metered Entity.

Scheduling Point

A location at which the ISO Controlled Grid is connected, by a
group of transmission paths for which a physical, non-
simultaneous transmission capacity rating has been established
for Congestion Management, to transmission facilities that are
outside the ISO's Operational Control. A Scheduling Point
typically is physically located at an "outside" boundary of the ISO
Controlled Grid (e.g., at the point of interconnection between a
Control Area utility and the ISO Controlled Grid). For most
practical purposes, a Scheduling Point can be considered to be
a Zone that is outside the ISO's Controlled Grid.

Security Monitoring

The real time assessment of the ISO Controlled Grid that is
conducted to ensure that the system is operating in a secure
state, and in compliance with all Applicable Reliability Criteria.

Self-Sufficiency Test Period

For the initial Self-Sufficiency determination for a Participating TO, the Self-Sufficiency Test Period shall be the twelve-month period ending December 31, 1996. The Self-Sufficiency Test Period for a Participating TO undergoing a new Self-Sufficiency determination as a result of the termination or modification of an Existing Contract as referred in Section 7.1.3.2 of the ISO Tariff shall be the twelve-month period ending in the month prior to the month that the Existing Contract was terminated or modified.

Service Area

An area in which, as of December 20, 1995, an IOU or a Local Publicly Owned Electric Utility was obligated to provide electric service to End-Use Customers.

Set Point

Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.

Settlement

Process of financial settlement for products and services purchased and sold undertaken by the ISO under Section 11 of the ISO Tariff. Each Settlement will involve a price and a quantity.

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 enacted on February 24, 1995.

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.

Standby Service Customer

A retail End-Use Customer of a Participating TO that receives Standby Service and pays a Standby Rate.

Standby Transmission Revenue

The transmission revenues, with respect to cost of both High Voltage Transmission Facilities and Low Voltage Transmission Facilities, collected directly from Standby Service Customers through charges for Standby Service.

Suggested Adjusted Schedule

The output of the ISO's initial Congestion Management for each Scheduling Coordinator for the Day-Ahead Market ("Suggested Adjusted Day-Ahead Schedule") or for the Hour-Ahead Market ("Suggested Adjusted Hour-Ahead Schedule"). These Schedules will reflect ISO suggested adjustments to each Scheduling Coordinator's Preferred Schedule to resolve Inter-Zonal Congestion on the ISO Controlled Grid, based on the Adjustment Bids submitted. These schedules will be balanced with respect to Generation, Transmission

system elements which might result in cascading outages or to restore system operation to meet the minimum operating reliability criteria.

System Planning Studies

Reports summarizing studies performed to assess the adequacy of the ISO Controlled Grid as regards conformance to Reliability Criteria.

System Reliability

A measure of an electric system's ability to deliver uninterrupted service at the proper voltage and frequency.

System Resource

A group of resources located outside of the ISO Control Area capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid.

System Unit

One or more individual Generating Units and/or Loads within a Metered Subsystem controlled so as to simulate a single resource with specified performance characteristics, as mutually determined and agreed to by the MSS Operator and the ISO. The Generating Units and/or Loads making up a System Unit must be in close physical proximity to each other such that the operation of the resources comprising the System Unit does not result in significant differences in flows on the ISO Controlled Grid.

TAC Area

A portion of the ISO Controlled Grid with respect to which Participating TOs' High Voltage Transmission Revenue Requirements are recovered through a High Voltage Access Charge. TAC Areas are listed in Schedule 3 of Appendix F.

Take-Out Point

The metering points at which a Scheduling Coordinator Metered Entity or ISO Metered Entity takes delivery of Energy.

Tax Exempt Debt

Municipal Tax Exempt Debt or Local Furnishing Bonds.

Tax Exempt Participating TO

A Participating TO that is the beneficiary of outstanding Tax-Exempt Debt issued to finance any electric facilities, or rights associated therewith, which are part

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

at the ISO/UDC boundary or Control Area boundary.

Transmission Revenue Credit

The proceeds received by the Participating TO from the ISO for Wheeling service, FTR auction revenue and Usage Charges, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols.

TRBA (Transmission Revenue Balancing Account)

A mechanism to be established by each Participating TO that has transmission customers which will ensure that all Transmission Revenue Credits and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3, flow through to transmission customers.

TRR (Transmission Revenue Requirement)

The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO that has transmission customers. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

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.

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.

WSCC (Western System Coordinating Council)

The Western Systems Coordinating Council or its successor.

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.

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.

Part B – Quarterly Adjustment, If Required

The Grid Management Charge may change quarterly if the volume 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.

Part C – Components of 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)
- Operating and Capital Reserve costs (as defined in Section 8.2.4)

adjusted annually for:

- any surplus revenues from the previous year in the Operating and Capital Reserve Account, as defined under

The ISO will calculate the user rate for Non-Spinning Reserve in each Zone for each Settlement Period in accordance with ISO Tariff Section 2.5.28.3.

Replacement Reserves

The formulas for calculating the amount of and charges for Replacement Reserve Service are referenced in ISO Tariff Sections 2.5.27.4 and 2.5.28.4.

Black Start Capability

The user rate per unit of purchased Black Start Capability for each Settlement Period will be calculated in accordance with ISO Tariff Section 2.5.28.6.

Imbalance Energy Charges

Rates for Imbalance Energy will be calculated in accordance with the formula in ISO Tariff Section 11.2.4.1.

Replacement Reserve Charge

The Replacement Reserve Charge will be calculated in accordance with ISO Tariff Sections 2.5.28.4 and 11.2.4.1.

Unaccounted for Energy

Rates for UFE will be calculated in accordance with ISO Tariff Section 11.2.4.1.

Transmission Losses Imbalance Charges

Transmission Losses for each hour will be calculated in accordance with ISO Tariff Sections 7.4.2.

Access Charges

The High Voltage Access Charge and Transition Charge is set forth in ISO Tariff Schedule 3 of Appendix F. The Low Voltage Access Charge of each Participating TO is set forth in that Participating TO's TO Tariff or comparable document.

Usage Charges

The amount payable by Scheduling Coordinators is determined in accordance with ISO Tariff Section 7.3.1.4.1. Usage Charges will be calculated in accordance with ISO Tariff Section 7.3.1.

Default Usage Charge

The Default Usage Charge will be used in accordance with ISO Tariff Section 7.3.1.3.

Grid Operations Charge for Intra-Zonal Congestion

Intra-Zonal Congestion during the initial period of operation will be managed in accordance with ISO Tariff Sections 7.2.6.2 and 7.2.6.3.

Wheeling Access Charges

The Wheeling Access Charge for transmission service is set forth in Section 7.1.4.1 of the ISO Tariff and Appendix II of the TO Tariffs.

Charge for Failure to Conform to Dispatch Instructions

The Charge for Failure to Conform to Dispatch Instructions will be determined in accordance with ISO Tariff Section 2.5.22.11.

Reliability Must-Run Charge

The Reliability Must-Run Charge will be determined in accordance with ISO Tariff Section 5.2.7.

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 review the reasonableness of integrating the entity into one of the existing TAC Areas. If the entity cannot be integrated without the potential for

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 10-year transition defined in Section 5.8 of Schedule 3 shall start from that date.

4.3 Application to Additional TAC Areas. For any TAC Areas created after the Transition Date, the applicable High Voltage Transmission Charge shall be transitioned over a period of 10 years in accordance with Section 5.8 of this Schedule 3, which transition period shall start either the first January 1 or July 1 after the New Participating TO in such new TAC Area has executed the Transmission Control Agreement and it has become effective.

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 (i) the projected Transmission Revenue Credits as adjusted for the true up of the prior calendar year's difference between projected and actual credits; and (ii) to the extent not reflected in paragraph (a), the amount, if any, by which the Participating TO's High Voltage Transmission Revenue Requirement would be reduced if the Participating TO's TAC Benefit, net of any Transition Charges during years prior to the year for which the calculation is being made, were applied to amortize the Participating TO's investment in High Voltage Transmission Facilities.

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 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. The 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 final and not subject to further review in accordance with Section 13 of the ISO Tariff.

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.