

SCHEDULING COORDINATOR APPLICATION PROTOCOL

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SCHEDULING COORDINATOR APPLICATION PROTOCOL (SCAP)

SCAP 1 OBJECTIVE, DEFINITION AND SCOPE

SCAP 1.1 Objective

The objective of the SCAP is to inform an SC Applicant of the actions it must take and information it must provide to become an approved Scheduling Coordinator (SC). The SCAP also describes the actions the ISO will take to evaluate a submitted application.

SCAP 1.2 Definitions

SCAP 1.2.1 Master Definitions Supplement

Any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this Protocol. A reference to a Section or an Appendix refers to a Section or an Appendix of the ISO Tariff unless otherwise indicated. References to SCAP are to this Protocol or to the stated paragraph of this Protocol.

SCAP 1.2.2 Special Terms for this Protocol

In this Protocol, the following words and expressions shall have the meaning set forth below:

“Electronic Data Interchange” (EDI) means the routine exchange of business documented on electronic media such as purchase orders, invoices and remittance. The format of the data is based on an industry approved format such as those published by the ANSI ASC X12 committee.

“ISO Application File Template” means all information (administrative, financial and technical) pertaining to Scheduling Coordinators which must be maintained in a current form by the ISO and the Scheduling Coordinator.

“ISO Home Page” means the ISO Internet home page at <http://www.caiso.com/iso> or such other address, as the ISO shall publish from time to time.

“ISO Metered Entity” means (a) any one of the following entities that is directly connected to the ISO Controlled Grid: (i) Generator other than a Generator that sells all of its Energy

(excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point), and Ancillary Services to the UDC in whose Service Area it is located; (ii) an Eligible Customer; or (iii) an End User other than an End User that purchases all of its Energy from the UDC in whose Service Area it is located; and (b) any one of the following entities: (i) a Participating Generator; or (ii) a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas.

“SC Applicant” means an entity, which has submitted or is contemplating submitting an application to become a SC.

“SC Customer” means a customer of the SC Applicant or a Scheduling Coordinator for whom the SC provides services relevant to the ISO Controlled Grid.

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

“Validation, Estimation and Editing” (VEE) applies to meter data directly acquired by the ISO. Validation is the process of checking the data to ensure that it is contiguous, within pre-defined limits and has not been flagged by the meter. Estimation and Editing is the process of replacing or making complete meter data by using data from redundant meters, schedules, PMS or, if necessary, statistical estimation.

“Value Added Network” (VAN) means a data communications service provider that provides, stores and forwards electronic data delivery services within its network and to subscribers on other VANs. The data is mostly EDI type messages.

SCAP 1.2.3

Rules of Interpretation

- (a) If the provisions of this Protocol and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency. The provisions of the ISO Tariff have been summarized or repeated in this Protocol only to aid understanding.
- (b) A reference to a given agreement, ISO Protocol or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made.
- (c) The captions and headings in this Protocol are inserted solely to facilitate reference and shall have no bearing

upon the interpretation of any of the terms and conditions of this Protocol.

- (d) This Protocol shall be effective as of the ISO Operations Date.

SCAP 1.3 Scope

SCAP 1.3.1 Scope of Application to Parties

The SCAP will apply to:

- (a) Scheduling Coordinator Applicants;
- (b) Scheduling Coordinators; and
- (c) the ISO.

SCAP 1.3.2 Liability of the ISO

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

SCAP 2 PROCEDURE TO BECOME A SCHEDULING COORDINATOR

SCAP 2.1 SC Applicant makes a Request

To become a Scheduling Coordinator, a SC Applicant must submit a written request for an application and other necessary information to the ISO by mail, fax, e-mail or in person. Alternatively, a SC Applicant may retrieve the application and necessary information from the ISO Home Page.

SCAP 2.2 ISO Information

The ISO will provide the following information, in its most current form, on the ISO Home Page. Upon a request by a SC Applicant, the ISO will send the following information by mail:

- (a) the SC Application Form (including the ISO Application File Template which is Appendix C);
- (b) the ISO Tariff and ISO Protocols;
- (c) pro forma meter service agreements and interim black start agreement;

- (d) historical ISO charges (Note: prior to January 2, 1998, estimated ISO charges) including, but not limited to, charges for purchased Ancillary Services, ISO Grid Management charge, ISO Grid Operations charge, Imbalance Energy market charges, and Usage charges to assist the SC Applicant in determining the ISO Security Amount the SC Applicant must provide; and
- (e) a pro forma letter of understanding for payment for SC Applicants with Approved Credit Ratings, guarantee, letter of credit and escrow agreement for the ISO Security Amount, all of which will be in a form acceptable to the ISO.

SCAP 2.3 Duplicate Information

If two or more SCs apply simultaneously to register with the ISO for a single meter or Meter Point for an ISO Metered Entity or if an SC applies to register with the ISO for a meter or Meter Point for an ISO Metered Entity for which an SC has already registered, the ISO will return the application with an explanation that only one SC may register with the ISO for the meter or Meter Point in question and that an SC has already registered or that more than one SC is attempting to register for that meter or Meter Point. The ISO will send the SC Applicant the name and address of the applicable SC or SC Applicant.

SCAP 2.4 SC Applicant returns Application

At least 60 days before the proposed commencement of service, the SC Applicant must return a completed application form with the prescribed non-refundable application fee to cover the application processing costs, site visit and the costs of furnishing the ISO Tariffs.

SCAP 2.5 Notice of Receipt

Within 3 business days of receiving the application, the ISO will send a written notification to the SC Applicant that it has received the application and the non-refundable fee.

SCAP 2.6 ISO Review of Application

Within 14 days after receiving an application, the ISO will notify the SC Applicant whether the SC Applicant has submitted all

necessary information as set forth in ISO Tariff Sections 2.2.3 and 2.2.4, and the ISO Application File Template requirements.

SCAP 2.6.1 Information Requirements

The SC Applicant must submit with its application:

- (a) the proposed date for commencement of service which may not be less than 60 days after the date the application was filed, unless waived by the ISO;
- (b) financial and security information as set forth in ISO Tariff Section 2.2.3.2; and
- (c) the prescribed non-refundable application fee.

SCAP 2.6.2 SC Applicant's Obligation for Contracts

An SC Applicant must certify that it is duly authorized to represent the Generators and Loads, which are its SC Customers and must further certify that:

- (a) represented Generators have entered into participating generator agreements with the ISO;
- (b) represented UDCs have entered into UDC agreements with the ISO;
- (c) represented ISO Metered Entities have entered into meter service agreements with the ISO;
- (d) none of the Wholesale Customers it will represent are ineligible for wholesale transmission service pursuant to the provisions of the FPA Section 212(h); and
- (e) each End-Use Customer it will represent is eligible for Direct Access service pursuant to an established program approved by the California Public Utility Commission or a Local Regulatory Authority.

SCAP 2.7 Deficient Application

In the event the application is deficient, the ISO will send a written notification of the deficiency to the SC Applicant within 14 days of receipt by the ISO of the application explaining the deficiency and requesting additional information.

SCAP 2.7.1 SC Applicant's Additional Information

Once the ISO requests additional information pursuant to Section 2.7, the SC Applicant has 7 days, or such longer period as the ISO may agree, to provide the additional material requested by the ISO.

SCAP 2.7.2 No Response from SC Applicant

If the SC Applicant does not submit additional information within 7 days or the longer period referred to in SCAP 2.7.1, the application may be rejected by the ISO in accordance with ISO Tariff Section 2.2.4.2(d).

SCAP 3 ISO APPROVAL OR REJECTION OF AN APPLICATION

SCAP 3.1 Approval or Rejection Letter

- (a) If the ISO approves the application, it will send an approval letter with a signed SC Agreement for the SC Applicant's signature and any required software licensing agreement.
- (b) If the ISO rejects the application, the ISO will send a rejection letter stating one or more of the following grounds:
 - i. incomplete information;
 - ii. non-compliance with security requirements;
 - iii. non-compliance with third party contractual obligations;
 - iv. non-compliance with technical requirements; or
 - v. non-compliance with any other SCAP or ISO Tariff requirements.

Upon request, the ISO will provide guidance as to how the SC Applicant can cure the grounds for the rejection.

SCAP 3.2 Time for Processing Application

The ISO will make a decision whether to accept or reject the application within 14 days of receipt of the application. If more information is requested, the ISO will make a final decision within 14 days of the receipt of all outstanding or additional information requested.

SCAP 4 SC APPLICANT'S RESPONSE

SCAP 4.1 SC Applicant's Acceptance

If the ISO accepts the application, the SC Applicant must return an executed SC Agreement, meter service agreements, interim black start agreements and letter of credit, guarantee or escrow agreement for the ISO Security Amount, as applicable.

SCAP 4.2 SC Applicant's Rejection

SCAP 4.2.1 Resubmittal

If an application is rejected, the SC Applicant may resubmit its application at any time. An additional application fee will not be required for the second application submitted within 6 months after a rejection.

SCAP 4.2.2 Appeal

The SC Applicant may also appeal against the rejection of an application by the ISO. An appeal must be submitted within 28 days following the rejection of its application, as set forth in ISO Tariff Section 2.2.4.3 and 2.2.4.4.

SCAP 5 POST APPLICATION PROCEDURES PRIOR TO FINAL CERTIFICATION

SCAP 5.1 SC's Administrative, Financial and Technical Requirements

The ISO will not certify that an SC Applicant has become a Scheduling Coordinator until the SC Applicant has:

- (a) provided the technical/operational information required to complete the ISO Application File Template, and to comply with ISO Tariff Section 10.6;
- (b) executed software licensing agreement for the software used in conducting business with the ISO in a form approved by the ISO, if applicable;
- (c) bought and installed any required software for functional interface in order to Validate, Estimate and Edit meter values (VEE).

- (d) purchased the requisite Value Area Network (VAN) service in order to support Electronic Data Interchange (EDI) requirements;
- (e) provided its bank account information and arranged for Fed-Wire System transfers as defined in SABP 1.2.2;
- (f) submitted a timetable for completion of its operational facilities, in order to coordinate site visits by ISO staff to ensure compliance with the ISO Tariff Section 2.2.7.1; and
- (g) bought and installed a WEnet account in order to communicate with the ISO.

SCAP 6

FINAL CERTIFICATION OF SC APPLICANT

The SC Applicant will become a Scheduling Coordinator when:

- (a) its application has been accepted;
- (b) it has entered into an SC Agreement, meter service agreements and interim black start agreements, if applicable, with the ISO;
- (c) the SC Applicant has met the financial requirements of ISO Tariff Section 2.2.3.2; and
- (d) the SC Applicant has fulfilled all technical/operational requirements of ISO Tariff Section 2.2.7.1, SCAP 5.1 and the ISO Application File Template.

The ISO will not certify an SC Applicant as a Scheduling Coordinator until the SC Applicant has completed all the above referenced requirements to the ISO's satisfaction, at least 14 days before the commencement of service.

SCAP 7

SC'S ONGOING OBLIGATIONS AFTER CERTIFICATION

SCAP 7.1

Scheduling Coordinator's Obligation to Report Changes

SCAP 7.1.1

Obligation to Report a Change in Filed Information

Each SC has an ongoing obligation to inform the ISO of any changes to any of the information submitted by it to the ISO as part of the application process, including any changes to the additional information requested by the ISO. SCAP Appendix B sets forth the procedures for changing the SC's information and timing of notifying the ISO of such changes.

SCAP 7.1.2 Obligation to Report a Change in Credit Rating

The SC has an ongoing obligation to inform the ISO within 3 business days if its Approved Credit Rating has been reduced below the ISO requirements.

SCAP 7.1.3 Obligation to Maintain ISO Security Amount

The SC has an ongoing obligation to maintain the ISO Security Amount as set forth in ISO Tariff Section 2.2.7.3. Alternatively, the SC has the right to inform the ISO of an improvement in its credit status and have the ISO review a new Approved Credit Rating, in order to determine if the ISO Security Amount is still necessary.

SCAP 7.2 ISO's Response for Failure to Inform

SCAP 7.2.1 Failure to Promptly Report a Material Change

If a SC fails to inform the ISO of a material change in its information provided to the ISO, which may affect the reliability or safety of the ISO Controlled Grid, or the financial security of the ISO, the ISO may suspend or terminate the SC's rights under the ISO Tariff in accordance with the terms of ISO Tariff Sections 2.2.7.3 and 2.2.4 respectively. If the ISO intends to terminate the SC's rights it shall file a Notice of Termination with FERC. Such termination shall be effective upon acceptance by FERC of a Notice of Termination.

SCAP 7.2.2 Failure to Report a Lost Approved Credit Rating

If the SC's Approved Credit Rating is reduced below the ISO requirements, the ISO will suspend the SC's scheduling rights under the ISO Tariff, until the SC submits another form of security in accordance with ISO Tariff Sections 2.2.3.2 and 2.2.7.3.

SCAP 7.2.3 Failure to Maintain ISO Security Amount

If the SC's estimated aggregate liability is greater than its ISO Security Amount, the ISO will reject any schedule in accordance with ISO Tariff Section 2.2.7.3 until such time as the SC increases its ISO Security Amount or decreases its outstanding payment balance.

SCAP 7.3

SC's Obligation to Uphold all SC Commitments

Each SC has an ongoing obligation to uphold and be bound by all the terms and conditions of the ISO Tariff as long as it remains a SC.

SCAP 8

AMENDMENTS TO THE PROTOCOL

If the ISO determines a need for an amendment to this Protocol, the ISO will follow the requirements as set forth in Section 16 of the ISO Tariff.

The information provided for this application will be treated as confidential information

SCAP APPENDIX A

SCHEDULING COORDINATOR APPLICATION FORM

This application is for approval as a Scheduling Coordinator ("SC") by the California Independent System Operator Corporation ("ISO") in accordance with the ISO Tariff.

I. Administrative Requirements

SC Applicant's Legal Name:

Address of principal place of business:

Authorized Representative:

Address:

Phone:

Fax:

E-mail:

Type of entity:

(Municipal utility, power marketer, investor owned utility, federal or state entity or other)

State of Incorporation or Partnership: _____

Proposed commencement date for service: _____

II. SC Customer Information

- 2.1 The information required under Appendix C, the ISO Application File Template, must be provided for represented SC Metered Entities, which are Generators. The SC Applicant must submit all requested information prior to final certification, which must occur fourteen (14) days before the commencement of service.
- 2.2 Information for SC Metered Entities, which are End Users or Eligible Customers, must be kept in a standard business format based on generally accepted accounting principals. The ISO shall have the right to inspect and audit a Scheduling Coordinator's accounts and files relating to its SC Metered Entities after giving two business days notice in writing.
- 2.3 The SC Applicant must submit a list of all ISO Metered Entities, which it will represent.

III. Security Requirement

- 3.1 The SC Applicant has an Approved Credit Rating as set forth in the ISO Tariff: (yes/no).
The SC Applicant's credit rating is _____.
- Please attach certified documentation of an Approved Credit Rating from Standard & Poor's, Moody's Investors Services or the equivalent. SC Applicant must also submit, before final certification, an executed letter of understanding for payment providing contact details in case of default. **OR**
- 3.2 The SC Applicant will provide an irrevocable and unconditional guarantee from a company which has an Approved Credit Rating: (yes / no).
- The SC Applicant must submit a signed irrevocable and unconditional guarantee in an ISO approved form and

certified documentation of the other company's Approved Credit Rating before final certification. **OR**

3.3 The SC Applicant will provide an irrevocable and unconditional letter of credit: (yes / no).
Amount: \$_____.

The SC Applicant must submit a signed irrevocable and unconditional letter of credit in an ISO approved form before final certification. **OR**

3.4 The SC Applicant will provide a cash deposit: (yes / no).
Amount: \$_____. The SC Applicant must enter into an escrow agreement in an ISO approved form before final certification. **AND**

3.5 The SC Applicant must provide its bank account information before final certification. The SC Applicant's bank must be capable of performing Fed-Wire System transfers.

IV. Technical Requirements

4.1 Does the SC Applicant have the computer hardware, software and communication capabilities for interface compatibility with the ISO system for data transmission, for electronic data interchange (EDI) and for Fed-Wire System transfer accounts? (yes / no) If no, please submit a proposed completion date to be fully operational so that an ISO staff site visit can be arranged.

4.2 For Loads and Generating Units located within the ISO Controlled Grid, does the SC Applicant have any scheduling restrictions imposed by the parties they represent? (yes / no) If yes, provide full details on a separate sheet of paper.

4.3 Does the SC Applicant have adequate staffing to operate a SC's operational facility twenty-four (24) hours a day for 365 days a year? (yes / no). If no, please submit a proposed completion date to be fully operational so that an ISO staff site visit can be arranged.

V. Third Party Contractual Requirements

- 5.1 The SC Applicant confirms that all of its SC Customers which are located within the ISO Controlled Grid and which should execute agreements with the ISO have entered into or will enter into, prior to the certification of the SC Applicant, all required agreements with the ISO to enable them to meet the requirements of the ISO Tariff: (yes / no).
- (a) Represented Generators have signed participating generator agreements: (yes / no).
 - (b) Represented UDCs have signed UDC Operating Agreements and meter service agreements: (yes / no).
 - (c) Represented ISO Metered Entities have signed meter service agreements: (yes / no).
 - (d) Wholesale Customers it will represent have warranted to the SC Applicant that they are eligible for wholesale transmission service pursuant to the provisions of the FPA Section 212(h): (yes / no).
 - (e) Each End-Use Customer it will represent which requests Direct Access service has warranted to the SC Applicant that the End-Use Customer is eligible for such service: (yes / no).
- 5.2 The SC Applicant confirms that all of the parties which it represents as SC Customers have granted it all necessary agency authority, whether actual, implied or inherent, to enable the SC to perform all of its obligations under the ISO Tariff: (yes / no).
- 5.3 Notwithstanding 5.2, the SC confirms that it will have the primary responsibility, as the principal, for all SC payment obligations under the ISO Tariff : (yes / no).

VI. Additional Information and Obligations

- 6.1 The SC Applicant agrees to provide such further information to the ISO as the ISO may deem necessary to process the application and certify the SC Applicant as a SC now and on a continuing basis.
- 6.2 Subject to the ISO Tariff, the SC Applicant agrees to promptly report to the ISO within seven (7) business days or earlier any changes regarding the information provided by it referred to in the SCAP and in the application with the exception of the security requirement data referred to in Part III of SCAP Appendix A which must be updated within three (3) business days. The Scheduling Coordinator shall be responsible if a failure to submit revised technical data more promptly extends the period during which schedules are rejected by the ISO.
- 6.3 The SC Applicant agrees to enclose herein the non-refundable application fee of \$500 to cover the application processing costs, site visit and costs of providing ISO Tariff.

Please make check payable to:

The California Independent System Operator Corporation

- 6.4 SC Applicant agrees to promptly execute and return the SC Agreement, meter service agreements, interim black start agreements, software licensing agreement, letter of understanding, letter of credit, guarantee, escrow agreement, as applicable, and Fed-Wire System bank account number, after receiving its application approval letter from the ISO.
- 6.5 Final certification is contingent upon SC Applicant fulfilling all financial and technical requirements as referenced in the SCAP (including Appendix C, the ISO Application File Template).

SC Applicant certifies by its signature on this Application Form that:

- (1) all information it is submitting is correct and accurate; and that
- (2) the SC Applicant has read and agrees to be bound by the ISO Tariff as may be in force or amended from time to time.

Name of Organization:

SC Applicant's Name (please print):

—

SC Applicant's Title:

—

SC Applicant's Signature:

—

State of _____ }

ss

County of _____ }

[SEAL]

Sworn and subscribed
before me this ____ day of
_____, 19__.

Notary's Signature: _____

Please send application and required information to:

California Independent System Operator Corporation
c/o Schedule Coordinator Application Processing Office
151 Blue Ravine Road,
Folsom, CA 95630

SCAP APPENDIX B

**Procedures for Changes or Additions to
Scheduling Coordinator's (SC's) Information**

The SC must update, amend and / or correct the information originally submitted to the ISO during the SC application process using the format set forth in this Appendix and / or a revised Appendix C, the ISO Application File Template. The SC must submit all changes or additional information by first class postage paid mail to:

California Independent System Operator Corporation
c/o SC Application Processing Office
151 Blue Ravine Road
Folsom, CA 95630

The SC must notify the ISO of any change to the information that it has previously submitted to the ISO, or any additional information, at least three business days before the change will take effect.

The ISO will send a written acknowledgment of receipt of the SC's changes within three business days of receipt. The receipt shall be sent to the address on file with the ISO or the address specified in the notice of change received by the ISO.

Prior Information

New Information

Explanation and Reason for Change

SCAP APPENDIX C

ISO APPLICATION FILE TEMPLATE

The ISO Application File Template is an Excel template used to load resources into the ISO's database. There is also a customer help file created to work with a Microsoft Access Database which are used together to gather application information.