

26. Transmission Rates And Charges

26.1 Access Charges

- (a) In General. All Market Participants withdrawing Energy from the CAISO Controlled Grid shall pay Access Charges in accordance with this Section 26.1 and Appendix F, Schedule 3, except as provided in Section 4.1 of Appendix I (Station Power Protocol). The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO's or Approved Project Sponsor's Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement, as approved by FERC, associated with (1) the transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating TO or (2) transmission facilities that are not yet in operation, but approved under Section 24, and assigned to an Approved Project Sponsor. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO's Transmission Revenue Credits calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6 and 8 of Schedule 3 of Appendix F of the CAISO Tariff. The Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory, and shall consist, where applicable, of a Regional Access Charge, and a Local Access Charge. The Regional Access Charge and the Local Access Charges shall each comprise two components, which together shall be designed to recover each Participating TO's Regional Transmission Revenue Requirement and Local Transmission Revenue Requirement, as applicable. The Regional Access Charge and the Local Access Charge for the applicable Participating TO shall be paid by each UDC and MSS Operator based on its Gross Load in the PTO Service Territory.
- (b) Allocation of Transmission Revenue Requirement. Each Participating TO or Approved Project Sponsor shall provide in its TO Tariff or Approved Project

Sponsor Tariff filing with FERC an appendix to such filing that states the Participating TO's or Approved Project Sponsor's Regional Transmission Revenue Requirement, its Local Transmission Revenue Requirement (if applicable) and its Gross Load used in developing the rate. The allocation of each Participating TO's Transmission Revenue Requirement between the Regional Transmission Revenue Requirement and the Local Transmission Revenue Requirement shall be undertaken in accordance with Section 11 of Schedule 3 of Appendix F. To the extent necessary, each Participating TO shall make conforming changes to its TO Tariff. A Participating TO that is a UDC or MSS Operator to whom the Local Access Charge of a Non-Load-Serving Participating TO is assessed shall include these billed Local Access Charge amounts in its Local TRBA adjustment for its Local Access Charge, together with all other applicable Local TRBA adjustments. If an Approved Project Sponsor that is a Non-Load-Serving Participating TO has been assigned responsibility to construct and own a Local Transmission Facility because the CAISO concluded, pursuant to Section 24.4.10, that it was not reasonable to divide construction responsibility, the Approved Project Sponsor shall include any pre-operational cost recovery approved by FERC for the Local Facility in its Local Transmission Revenue Requirement. The division of the total revenue requirement associated with the facility between Regional and Local Transmission Revenue Requirements shall be consistent with Appendix F, Schedule 3, Sections 11 and 12.

- (c) Assessment of Regional Access Charge. The Regional Access Charge shall be paid to the CAISO by each UDC and MSS Operator based on its Gross Load connected to a Regional Transmission Facility in a PTO Service Territory, either directly or through intervening distribution facilities, but not through a Local Transmission Facility. The applicable Regional Access Charge shall be assessed by the CAISO as a charge for transmission service under this CAISO

Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the Regional Access Charge set forth therein.

- (d) Assessment of Local Access Charge of Load-Serving Participating TO. The Local Access Charge for each Load-Serving Participating TO is set forth in that Participating TO's TO Tariff. Each Participating TO shall charge for and collect the Local Access Charge, as provided in its TO Tariff, except that the CAISO shall charge for and collect the Local Access Charge of each Non-Load-Serving Participating TO that qualifies under this Section 26.1 and Appendix F, Schedule 3, Section 13, unless otherwise agreed by the affected Participating TOs. If a Participating TO that is also a UDC, MSS Operator, or Scheduling Coordinator serving End-Use Customers is using the Local Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Local Access Charge of the other Participating TO by such other Participating TO, or by the CAISO pursuant to Section 13 of Schedule 3 of Appendix F. The CAISO shall provide to the applicable Participating TO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that utilizes the Local Transmission Facilities of that Participating TO on a monthly basis. If a UDC or MSS Operator that is serving Gross Load in a PTO Service Territory has Existing Rights to use another Participating TO's Local Transmission Facilities, such entity shall not be charged the Local Access Charge for delivery of Energy to Gross Load for deliveries using the Existing Rights. Local Access Charges for Participating TOs that are both Load Serving Entities and Certified Small Participating TOs will be assessed pursuant to Section 26.1(g) and Section 26.7.
- (e) Standby Transmission Charges. Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.
- (f) Assessment of Local Access Charge of Non-Load Serving Participating TOs.

Where a Non-Load-Serving Participating TO has Local Transmission Facilities, the CAISO shall assess the Local Access Charge for each project of that Non-Load-Serving Participating TO to the UDC or MSS Operator of each Participating TO that is directly connected to one or more Local Transmission Facilities of that project, unless otherwise agreed by the affected Participating TOs. The Non-Load-Serving Participating TO shall calculate separately its Local Transmission Revenue Requirement for each individual transmission project that includes one or more Local Transmission Facilities. If the Non-Load-Serving Participating TO's Local Transmission Facilities projects are directly connected to the facilities of the same Participating TO(s), the Local Access Charge shall be calculated for the group of Local Transmission Facilities. A separate Local Access Charge shall apply based on the Local Transmission Revenue Requirement for the relevant project or projects of such Non-Load-Serving Participating TO divided by the Gross Load of all UDCs or MSS Operators of a Participating TO that are directly connected to the relevant Local Transmission Facility or group of facilities.

A Non-Load-Serving Participating TO must include any over- or under-recovery of its annual Local Transmission Revenue Requirement for the relevant project or group of projects in its Local TRBA adjustment for its Local Access Charge for the relevant project or group of projects pursuant to Section 13.1 of Schedule 3 of Appendix F.

(g) Local Access Charges for Certified Small Participating TOs. The Local Access Charge for each Participating TO that is both a Load Serving Entity and a Certified Small Participating TO under Section 26.7 is set forth in that Participating TO's TO Tariff and assessed pursuant to Section 26.1(d), except pursuant to Section 26.7, the Certified Small Participating TO's Local Transmission Revenue Requirement will not include the costs of Local Transmission Facilities incurred as a result of **Generating Facility**

interconnections while participating as a Certified Small Participating TO unless the Local Transmission Facilities or the Generator interconnection are constructed to serve the Certified Small Participating TO as described in Section 26.7.3. Costs of Local Transmission Facilities excluded from Certified Small Participating TOs' Local Transmission Revenue Requirement will be included in its Regional Transmission Revenue Requirement, as determined in accordance with Schedule 3 of Appendix F.

26.7 Certified Small Participating TOs

Certified Small Participating TOs will may include the costs of Local Transmission Facilities incurred as the result of new generator interconnections to the CAISO Controlled Grid throughin its Regional Transmission Revenue Requirement in lieu of the Certified Small Participating TO's Local Transmission Revenue Requirement.

26.7.1 Criteria for Certification

A Participating TO that is a Load Serving Entity may qualify as Certified Small Participating TO if:

- (1) The Participating TO maintains annual Gross Load at or below 2,000 GWh;
- (2) The Participating TO is located in an area where there is significant demonstrated interest in procuringdeveloping new GenerationGenerating Facilities that can support municipal, county, state, or federal renewable portfolio standards.
- (3) The Participating TO is not undersubject to a renewable portfolio standard or comparable municipal, county, state, or federal directive.

Certified Small Participating TO status will not be effective until approved by the CAISO Governing Board and effectively memorialized in Section 26.7.2. Annually, Certified Small Participating TOs must submit to the CAISO an affirmation that they continue to meet these certification criteria.

26.7.2 Current Certified Small Participating TOs

Certified Small Participating TOs are:

Valley Electric Association, as of [[proposed effective date.]]

26.7.3 Exceptions to Inclusion in Regional Transmission Revenue Requirement

Certified Small Participating TOs may only include Local Transmission Facility costs in the Regional Transmission Revenue Requirement while they are Certified Small Participating TOs. If a Participating TO loses its status no longer qualifies as a Certified Small Participating TO, any Local Transmission Facility costs that would otherwise be included in its Local Transmission Revenue Requirement but were included in the Regional Transmission Revenue Requirement pursuant to this Section 26.7, and that were not recovered while the Participating TO was a Certified Small Participating TO, will revert to recovery through, or otherwise be included in, the Participating TO's Local Transmission Revenue Requirement pursuant to Section 26.1(d). Local Transmission Facilities constructed to serve either (i) the Certified Small Participating TO, or (ii) a generator/Generating Facility or other resource that will serve the Certified Small Participating TO, will be included in the Local Transmission Revenue Requirement. Without limitation, where the Certified Small Participating TO executes a power purchase agreement with a Generating Facility or other resource or otherwise selects the Generating Facility or other resource through a procurement process at any time, the resulting Local Transmission Facilities associated with the Generating Facility or other resource will be considered as serving the Certified Small Participating TO and will be included in its Local Transmission Revenue Requirement only.

Appendix A

- Certified Small Participating TO

A Participating TO that is a Load Serving Entity and has been memorialized as a Certified Small Participating TO pursuant to Section 26.7.

- Regional Transmission Revenue Requirement (RTRR)

The portion of a Participating TO's or an Approved Project Sponsor's Transmission Revenue Requirement associated with and allocable to: 1) the Participating TO's Regional Transmission Facilities and Converted Rights associated with Regional Transmission Facilities, 2) the CAISO's assigned share of Interregional Transmission Project costs, ~~and~~ 3) Location Constrained Resource Interconnection Facilities that are under the CAISO Operational Control or Transmission Facilities not yet in operation, but approved under Section 24 and assigned to the Approved Project Sponsor, that will be Regional Transmission Facilities or, in the case of an Approved Project Sponsor that is not a Participating Transmission Owner, Local Transmission Facilities when placed under the CAISO's Operational Control; and 4) for Certified Small Participating TOs, qualifying Local Transmission Facility costs under Section 26.

Appendix F

Schedule 3

Regional Access Charge and Wheeling Access Charge

5. Determination of the Access Charge.

5.1 The Access Charge consists of a Regional Access Charge (RAC) and a Local Access Charge (LAC) that is based on a utility-specific rate established by each Participating TO in accordance with its TO Tariff.

5.2 Each Participating TO and Approved Project Sponsor will develop, in accordance with Section 6 of this Schedule 3, a Regional Transmission Revenue Requirement (RTRR_{PTO}) consisting of a Transmission Revenue Requirement for (i) Regional Transmission Facilities; ~~(ii)~~ Transmission Facilities that are not yet in operation but have been approved under Section 24 and assigned to the Approved Project Sponsor, that will be Regional Transmission Facilities when placed under the CAISO's Operational Control; ~~and~~ (iii) to the extent the costs have not been recovered, Location Constrained Interconnection Facilities; and (iv) for Certified Small Participating TOs, costs of Local Transmission Facilities resulting from new generator interconnections to the CAISO Controlled Grid pursuant to Section 26. The RTRR_{PTO} includes the TRBA adjustment described in Section 6.1 of this Schedule 3. If an Approved Project Sponsor that is a Non-Load-Serving Participating Transmission Owner has been assigned responsibility to construct and own a Local Transmission Facility because the CAISO concluded, pursuant to Section 24.4.10, that it was not reasonable to divide construction responsibility, the Approved Project Sponsor shall include any authorized pre-operational cost recovery for the Local Transmission Facility in its Local Transmission Revenue Requirement. The division of the total revenue requirement associated with the facility between Regional and Local Transmission Revenue Requirements shall be consistent with Appendix F, Schedule 3, Sections 11 and 12.