

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 Transition Date shall also be the same for the West Central Area, should it come into existence in accordance with Section 3.2 of this Schedule 3, unless the ISO provides additional information demonstrating the need for a deferral. The 10-year transition defined in Section 5.8 of Schedule 3 shall start from that date. If the West Central TAC Area is created after the Transition Date, the applicable High Voltage Access Charge shall transition to an ISO Grid-wide High Voltage Access Charge over the period remaining from the Transition Date, on the same schedule as the other TAC Areas.

4.3 Application to Additional TAC Areas. For any TAC Areas other than those specified in Section 4.2 created after the Transition Date, including any TAC Area created as a result of the application of Section 3.7, whether and over what period the applicable High Voltage Access Charge shall transition to an ISO Grid-wide charge shall be determined by the ISO Governing Board.

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 the projected Transmission Revenue Credits as adjusted for the true up of the prior calendar year's difference between projected and actual credits.

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 at its sole option: (1) file its High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement for those facilities and Entitlements under the Operational Control of the ISO directly with the Commission in accordance with the rules and requirements established by the Commission; or (2) 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. For the second option, the High Voltage and Low Voltage 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 subject to review and acceptance by the FERC.

- 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.