

CAISO

2006 Firm Transmission Rights Release Quantity Assumptions

The information below is intended to provide additional details about the release assumptions made on Branch Groups where the ISO was required to make an adjustment in the calculation of the Firm Transmission Rights (FTR) release amounts. The standard methodology that the ISO uses for calculating FTR release amounts is as follows:

- Determine the Available Transmission Capability (ATC) for all Branch Groups, by direction, for each hour over the past year.
- Take the 8760 hours of ATC and rank them from highest value to lowest value.
- Determine the ATC at the 99.5% availability level (special consideration is given for planned maintenance hours)
- The value at 99.5% is the number of FTRs for Sale, if this number is zero then no FTR are released on that branch group.
- $TTC/OTC - ETC = ATC$ (NFU & FTRs)

Blythe SP15 to LC2

The ISO calculated the release amounts for the 2006 FTRs on the Blythe outbound by taking 99.5% of the load duration curve for load at Blythe and subtracting that from 168 MW.

Blythe LC2 to SP15

The release amounts for the Blythe inbound were calculated using the methodology described above. 575 hours were excluded in calculating the final value due to an unplanned outage, which occurred during the past year.

CTNWDRDMT NP15 to SMD3 and SMD3 to NP15

Release amounts were calculated using the methodology described above, however, historical data used was for a 10-month period or 7296 hours.

CTNWDWAPA NP15 to SMD2 and SMD2 to NP15

Release amounts were calculated using the methodology described above, however, historical data used was for a 10-month period or 7296 hours.

PACI NP15 to NW1 and NW1 to NP15

On 12/1/2005, the COI Branch Group expired and all Firm Transmission Rights procured on this interface were transferred to the new PACI Branch Group, in conjunction with the

transfer of the COTP line to the SMUD Control Area. For the 2006 FTR Auction, FTRs will be released on the new PACI Branch Group. 2006 release amounts on the PACI branch group were calculated using the methodology stated above. However, 154 MW inbound and 118 MW outbound were not included in the ATC on PACI as they were moved to the new TRACYCOTP and TRACYPGAE branch groups respectively.

NOB SP15 to NW3 and NW3 to SP15

Release amounts on the NOB branch group were calculated using the methodology described above. An additional 32 hours were taken out in both directions due to forced outages.

PALO VERDE AZ3 to SP15 and SP15 to AZ3

Release amounts on the Palo Verde branch group are consistent with the methodology described above. A transmission upgrade project is scheduled for late 2006. Additional information can be found at the following url:

<http://www.caiso.com/docs/2002/11/04/2002110417450022131.html>

PARKER LC3 to SP15

Release amounts on the Parker branch group were calculated using the methodology described above with an additional 30MW being added due to MWD release of TOR/ETC to SCE. An additional 11 hours were taken out due to forced outages.

VICTVL SP15 to LA4 and LA4 to SP15

Release amounts on the VICTVL branch group were calculated using the methodology described above. An additional 10 hours were taken out in both directions due to forced outages.