

Billing WECC NERC/ERO Costs

Stakeholder Meeting
April 6, 2007

Presented by: Michael Epstein, Controller

Background

- July 2006 – FERC issues order approving NERC as Electric Reliability Organization (ERO)
 - Authorized Regional Entities to bill and collect ERO costs pursuant to Section 215 of Federal Power Act (Statutory Costs)
- October 2006 – FERC approves WECC to be Regional Entity for NERC
 - Authorized WECC to bill and collect NERC ERO costs
- CAISO needs tariff authority to bill SCs
- CAISO will seek FERC authority through Tariff Amendment
- Amendment to go to Board of Governors at April meeting
- CAISO will then contract with WECC to perform billing/collection

CAISO Proposed Tariff Amendment to Bill SCs

- Load will be Metered Demand (including MSS load) less pump storage
 - Equivalent to “Net Energy for Load” definition in FERC ERO rulings
- Billing will be quarterly using preliminary rates and a final true-up after invoice received from WECC
 - Billings will not be on market invoices
 - Estimated rates for year from most recent WECC invoice – included in market notice
- Quarterly billing ensures SCs who may leave CAISO are billed
- CAISO will post aggregate load by SC after 4th quarter
 - CAISO will use same load to report to WECC
- CAISO will sign collection agreement with WECC
 - CAISO will not be financially liable for any defaults
 - Unpaid invoices will be turned over to WECC/NERC for collection

Phase-In After FERC Approval

- Load to be used is 2 years prior to Year Invoiced by WECC
 - costs for 2007 NERC budget use 2005 Loads and invoice sent in December 2006
- 2005 Load data available and WECC invoice for 2007 ERO costs in hand
 - Will invoice SCs 30 days after FERC approval using Final rate
- 2006 Load data available but WECC invoice for 2008 not issued
 - Will invoice SCs 60 days after FERC approval using estimated rate
 - Final invoice in December 2007 when WECC invoice for 2008 ERO costs received
- Quarterly billings effective for 2007 loads
 - 2007 first quarter meter data available to bill in July 2007
 - Will invoice 30 days after FERC approval
 - 2007 Load applies to 2009 WECC ERO costs
 - Invoices will use estimated rate

MRTU “Work-Around”

- 2007 billings will be on separate invoices produced by settlement system
- 2008 MRTU requirements are locked down
 - NERC invoicing cannot be included in SaMC for 2008
- 2008 billings will be from corporate accounting department
 - Meter data obtained from SaMC and invoiced from corporate accounting
 - Line Operator Agreement fees and “non-statutory” WECC dues are currently billed through corporate accounting
- 2009 billings will be included in SaMC as next release to MRTU

Stakeholder Comments

- Conference calls with SCE, PG&E and WECC
 - All generally agreed accepted proposal
 - SCE requested that aggregate load data be posted for review
 - PG&E and SCE stated that all load should be billed
- General stakeholder meeting set for April 6th