

# Billing, Payment and Credit Enhancements: Guide to Draft Tariff Language

The ISO will host a call to review and discuss these proposed changes on September 19, 2024 at 9:00 a.m. If you would like the ISO to address a particular tariff provision or issue during the call, please email Dan Shonkwiler (address below) by September 17. Otherwise, the ISO plans to focus its presentation on a few of the more significant topics, and answer any questions raised during the call.

Comments will be due on October 3, 2024.

The draft tariff language for stakeholder review is contained in three separate files:

- “Section\_11-Redlines,” which contains the bulk of proposed changes;
- “Section\_26-Redlines,” which contains proposed non-substantive changes to Section 26; and
- “Selected\_Amendments\_Outside\_Section\_11,” which contains proposed changes to definitions from Appendix A and other changes outside Sections 11 and 26.

To help stakeholders locate specific changes, this guide identifies the specific tariff sections affected by each of the changes described in the draft final proposal.

Section of Draft Final Proposal	Description	Tariff Sections
2.1	Minimum participation requirement - eliminate rule allowing alternative posting as low as \$100,000	12.1(b)(iii)(3) (deleted)
2.2	Enhance ability to recoup from bankrupt debtors by designating a single contract with CAISO to govern settlement, billing and payment	11.29.2
3.1	Reserve accounts – clarify rules about replenishment after use of funds	11.29.9.6.2, 11.29.9.6.2.1(c), 11.29.9.6.4(c) and 11.29.9.6.4.1(c) (deleted)

3.2	Reserve accounts – allow flexibility about use of funds when depletion of reserve accounts would not avoid the need to allocate a default loss to market participants	11.29.13.4
3.3	<p>Allocating default losses --</p> <p>Adjust rule about allocating losses to avoid allocation to new participants that entered market after a bankruptcy filing</p> <p>Use of T+9B data from most recent full quarter when calculating allocation percentages in order to use more current data</p> <p>Clarify rules about allocating funds collected from defaulting participant</p>	<p>11.29.17.2.1 and .6</p> <p>11.29.17.2.1</p> <p>11.29.9.6.4.1(b), 11.29.13.7 (deleted sentence), 11.29.13.8, 11.29.13.9, 11.29.13.10 (deleted), 11.29.17.3 (principal), 11.29.9.6.2.1(b) (cross-reference) and 11.29.13.1 (interest)</p>
3.4	Authorize separate invoices for late payment penalties	11.29.10.3
3.5	Authorize separate invoices for charges stemming from black start agreements and clarify significance of separate invoices	11.29.10.3, 11.29.17.1
3.6	Out of cycle invoices after T+24M – establish option to avoid inefficient collection of small defaults	11.29.9.6.2.1(c)
4.0	Establish options for new payment methods	11.1.3(e) (moved to 11.29.9.1(c) and edited), 11.29.9.3
5.1	Clarify rules about imbalances resulting from elimination of invoices or payment advices less than \$10	11.29.9.6.2, 11.29.12; see also move of related provision 11.29.7.2.1 to 11.29.10.2

5.2	Clarify definition of “settlement statement”	Appendix A (note that most of this change had been made earlier)
5.3	Clarify “basis of billing and payment”	11.29.1, 11.29.7.2 (deleted)
5.4	Clarify terminology – settlement v. billing and payment	Throughout – discussed separately below
5.5	Deletion of extraneous language from earlier era when settlements and billing took place monthly	11.14, 11.29.7.3.5

The great majority of the changes marked in these files stem from Section 5.4 of the draft final proposal, which undertook to clarify tariff language to better distinguish between settlement (a calculation exercise) from billing and payment (which involves cash flow). These changes often involve limiting use of the word “pay” to indicate money changing hands through the billing and payment process. They extend to renaming Section 11.29, which does not address the settlement function, but rather the billing and payment function. We note that these revisions do not propose modifications of defined terms that use the word “pay” or “payment,” such as “No Pay.”

In addition, the tariff changes include other non-substantive modifications meant to improve clarity, including reordering certain sections to keep subjects together. For example, we have proposed to move Sections 11.29.3 and .4, concerning prepayment and payment in the event of system failure to Section 11.19.11. This moves the sections from the neighborhood of general provisions about settlements to a new neighborhood that contains provisions governing payment. The goal is keep topics together, improve the scan-ability of Section 11 and help the reader more quickly locate potentially relevant provisions. All such proposed moves are indicated by comments to help the reader track the change.

Depending on feedback from stakeholders, the ISO is considering additional reorganization in phase two of this initiative to further improve clarity.

Other non-substantive clarifications include

- When appropriate in context, substituting the term “Business Associate” in place of the list of relevant entity types (Scheduling Coordinator, CRR Entity, etc.) to improve readability (e.g., Sections 11.29.5.1 and 11.29.5.3);
- Deleting from Section 11.18.1 a sentence requiring that scheduling coordinators shall make payment of emission cost charges; these charges appear on



settlement statements, and thus there is a separate provision that requires payment (of net settlements on invoices etc.) which this sentence duplicates imperfectly;

- Correction of Section 11.29.12 to clarify that FERC Annual Charges have the same collection priority as Grid Management Charge, as specified in Section 11.29.9.6.1.

**For Additional Information**

If you have questions, please contact Dan Shonkwiler, Assistant General Counsel – Corporate & Litigation, at [dshonkwiler@caiso.com](mailto:dshonkwiler@caiso.com)

