

SCHEDULE 4-R

Retail Energy Imbalance Service

This schedule provides Energy Imbalance Service to Transmission Customers providing Retail Direct Access.

(a) Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance obligation.

(b) Energy imbalances will be subject to charges as specified below. The amount of energy imbalance shall be calculated separately for each hour and settlements will occur on a cash basis for each hour's imbalances. Hourly imbalance charges between the Transmission Provider and the Transmission Customer will be net billed for the billing period.

(c) An Energy Imbalance Cost (EIC) shall be determined for each hour.

The EIC will be equal to the market price of energy for each hour calculated pursuant to this Section (c)(1). The hourly EIC will be based upon the hourly Mid-Columbia Price Index published by Powerdex.

(1) When the EIC is positive for an hour, (a) PGE will pay the Transmission Customer for excess energy delivered by the Customer in that hour or (b) the Transmission Customer shall pay PGE for any shortfall in energy delivered by the Customer in that hour.

(2) When the EIC is negative for an hour, (a) PGE will pay the Transmission Customer for any shortfall in energy delivered by the Customer in that hour or (b) the Transmission Customer shall pay PGE for excess energy delivered by the Customer in that hour.

(d) The charges for Energy Imbalance Service are set forth below:

(1) The Transmission Provider shall establish a deviation band of +/- 7.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s).

(2) When the EIC is positive:

a. Within the deviation band, any deviation between hourly scheduled energy and actual delivery of energy shall be repaid as a cash settlement as follows:

1. PGE shall pay the Transmission Customer at a rate equal to 100% of PGE's hourly EIC at the time of each over-scheduled hour.
2. The Transmission Customer shall pay PGE at a rate equal to 100% of PGE's hourly EIC at the time of each under-scheduled hour.

b. Outside the deviation band, any deviation between hourly scheduled energy and actual delivery of energy shall be repaid as a cash settlement as follows:

1. PGE shall pay the Transmission Customer at a rate equal to 90% of the PGE's hourly EIC at the time of each over-scheduled hour.
2. The Transmission Customer shall pay PGE at a rate equal to 110% of the PGE's hourly EIC at the time of each under-scheduled hour.

(3) When the EIC is negative:

a. Within the deviation band, any deviation between hourly scheduled energy and actual delivery of energy shall be repaid as a cash settlement as follows:

1. PGE shall pay the Transmission Customer at a rate equal to 100% of the absolute value of PGE's hourly EIC at the time of each under-scheduled hour.
2. The Transmission Customer shall pay PGE at a rate equal to 100% of the absolute value of PGE's hourly EIC at the time of each over-scheduled hour.

b. Outside the deviation band, any deviation between hourly scheduled energy and actual delivery of energy shall be repaid as a cash settlement as follows:

1. PGE shall pay the Transmission Customer at a rate equal to 90% of the absolute value of PGE's hourly EIC at the time of each under-scheduled hour.
2. The Transmission Customer shall pay PGE at a rate equal to 110% of the absolute value of PGE's hourly EIC at the time of each over-scheduled hour.

(e) Crediting Mechanism. Excess charges and under payments for energy imbalance and generation imbalance service provided outside the +/- 5.0 percent deviation bands established in Schedules 4 and 10 and outside the +/- 7.5 percent deviation band in Schedule 4R of the Tariff shall be referred to as Penalty Charges. PGE will distribute revenue received from such Penalty Charges as follows:

- (1) Revenue from Penalty Charges will be distributed based upon energy imbalance calculations for each hour of a month.
- (2) An Offending Customer is one which has incurred Penalty Charges
- (3) A Non-offending Customer is one which has not incurred Penalty Charges during the same hour as the Offending Customer(s).
- (4) For each hour, in which there is one or more Offending Customer, the revenues from Penalty Charges will be allocated as follows:
 - A. The sum of the revenues from Penalty Charges incurred by the Offending Customers will be distributed among all of the Non-offending Customers according to the percentage of power delivered to the Non-offending Customer's load or from the Non-offending Customer's generation that hour.
 - B. The hourly distributions of revenues from Penalty Charges will be credited to the Non-offending Customer.