**New Option for Service across the PacifiCorp California-Oregon Intertie (“PacifiCorp COI Segment”)**

The purpose of this document is to outline the necessary steps for PacifiCorp transmission customers to become a Candidate Congestion Revenue Rights (“CRR”) Holder with the California Independent System Operator (“CAISO”) prior to being transferred TOR option CRRs. CRRs are financial instruments that enable holders of such instruments to manage variability in congestion costs that occur under CAISO’s Congestion Management protocol that is based on locational marginal pricing in the CAISO market.

In order to become a Candidate CRR Holder an entity must apply with the ISO through the Candidate CRR Holder Registration Process. This process and the requirements to become a CRR Holder are described in the CAISO Business Practice Manual “Candidate CRR Holder Registration” located at: <http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Candidate%20CRR%20Holder%20Registration>

* PacifiCorp Open Access Transmission Tariff (“OATT”) Attachment S contains the terms and conditions for service on the PacifiCorp COI Segment for transmission customers which have purchased transmission rights on PacifiCorp’s share of the transmission segment between Malin 500kV to Round Mountain 230 kV (i.e., Malin500-RDM230). Round Mountain 230 kV is an interconnection point with the transmission system of the California Independent System Operator (“CAISO”).
* The Operating Agreement is an agreement between CAISO and PacifiCorp, which effectuates settlement terms approved by the Federal Energy Regulatory Commission (“FERC”) in Docket No. ER07-1373. These terms include the treatment of PacifiCorp COI Segment rights as transmission ownership rights (“TORs”) within CAISO where certain CAISO charges are reversed.
* The Federal Energy Regulatory Commission (“FERC”) recently accepted a revision to the Operating Agreement (now the Amended Operating Agreement), which allows PacifiCorp’s transmission customers the opportunity to exchange TORs for option congestion revenue rights (“CRRs”), which is a financial settlement right as opposed to a TOR physical scheduling right. The CAISO refers to these CRRs as “TOR option CRRs.
* TOR option CRRs shall be settled as option CRR payments for the released capacity when there is a congestion price difference in the CAISO Day-Ahead market between Malin 500kV and the Round Mountain 230 kV or 500kV locations, regardless if the purchaser schedules at Malin.
* To make the election, transmission customers with TORs provide a quarterly instruction to PacifiCorp to release a portion or their entire share of reserved transmission rights at Malin for new firm use in CAISO. PacifiCorp then relays the instruction to CAISO, which may include sending the instruction through PacifiCorp’s Scheduling Coordinator. The transmission customers electing this option through PacifiCorp would be allocated CRRs with a source at Malin 500kV and a sink at Round Mountain 230 kV or Round Mountain 500 kV. ”
* Once a quarterly TOR option CRR election is made, it cannot be changed for the duration of that quarter and will be the same for peak and off peak periods.
* Standard CAISO charges for CRRs will apply to TOR option CRRs. The following link provides additional information on such charges:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/Budget-GridManagementCharge.aspx>

Note: Look for the most recent Budget and Grid Management Charge Rates document. Currently, as of April 2013, the CRR auction bid fee, which consists of the number of accepted bids in CRR allocations and auctions has a rate of $1.00. In addition, the CRR Service Charge, which is the MWh of congestion at a rate of $0.0135/MWhr. For purposes of holding TOR option CRRs only the CRR Service Charge applies since these CRRs are not acquired through the allocation or auction processes.

An explanation of how the CRR Related Grid Management Charges are assessed can be found in the ISO BPM, “ Congestion Revenue Rights” : [http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Congestion Revenue Rights](http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Congestion%20Revenue%20Rights)

* In order to acquire TOR option CRRs, transmission customers must follow the following process:
  + Each quarter, before the CAISO’s CRR annual or monthly allocation periods, transmission customers with capacity on the PacifiCorp COI Segment (i.e., TORs) have the option to instruct PacifiCorp to instruct CAISO to release a portion of their share of reserved transmission rights at Malin for new firm use. In exchange for releasing this capacity the transmission customer will receive TOR option CRRs. The instruction is made on a template form which is included with this posting.
  + **The next quarterly election deadline for providing instructions to PacifiCorp using the template is 5/1/2013 for the quarter beginning 7/1/2013.**
  + Prior to submitting any instructions, transmission customers with capacity on the PacifiCorp COI Segment must register as a Candidate CRR Holder, and meet all CAISO requirements, if they have not otherwise previously registered as a Candidate CRR Holder with CAISO. This process can take 45-60 days. The following link provides additional information on this process:

[http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Candidate CRR Holder Registration](http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Candidate%20CRR%20Holder%20Registration)

The following additional terms and condition apply to TOR option CRRs:

* There is no scheduling priority for the TOR option CRR holder. PacifiCorp or its designated transmission customer shall receive the same priority as any other participant when bidding/scheduling on unreserved capacity at Malin.
* No congestion settlement will be made for real-time congestion differences between Malin and Round Mountain; TOR option CRRs apply only in Day-Ahead.
* In the case of a de-rate, the quantity of congestion revenue shall be determined by PacifiCorp’s pro-rata share of unreserved capacity on the PACI tie.