

7.1 ISO as Counterparty; Right to Net or Set Off; ISO Clearing Account

7.1.1 ISO as Counterparty

The ISO shall be for all purposes the contracting counterparty, in its own name and right, to each Customer for any purchase or sale of any product or service, or for any other transaction, that is financially settled by the ISO under the ISO Tariffs.

7.1.2 Right to Net or Set Off Obligations Owed

Unless otherwise specifically set forth in this ISO Services Tariff, if for any settlement period the ISO is required to pay any amount to the Customer and the Customer is required to pay any amount to the ISO under this ISO Services Tariff or the ISO OATT, such amounts shall be netted, and the party owing the greater aggregate amount shall pay to the other party the difference between the amounts owed. Additionally, all outstanding payment obligations under this ISO Services Tariff and the ISO OATT between the ISO and the Customer may be netted, offset, set off, or recouped, and payment shall be owed as set forth above.

7.1.3 ISO Clearing Account

The ISO will establish one or more accounts (the “ISO Clearing Account”) at a bank or other financial institution, and Customers shall make payments to the ISO or receive payments from the ISO through the ISO Clearing Account in accordance with their settlement information provided by the ISO as described in Section 7.2 of this ISO Services Tariff.

The funds held by the ISO in the ISO Clearing Account shall not be commingled with funds held by the ISO in any other ISO accounts.

7.1.4 ISO Liability for Payment

The obligation of the ISO to pay Customers for monies owed for a given settlement

period shall be limited so that the aggregate liability of the ISO for such payments does not exceed the sum of (i) the aggregate amount paid to or recovered by the ISO from Customers (including by applying a defaulting Customer's financial security) for that settlement period, and (ii) the amount of funds held by the ISO in the Working Capital Fund. The process for declaring and recovering bad debt losses is set forth in Attachment U to the ISO OATT.