



California Independent
System Operator Corporation

October 19, 2023

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER24- ____-000**

**Tariff Amendment in Compliance with Order No. 895, Credit
Related Information Sharing in Organized Wholesale Markets**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO)¹ submits this filing in compliance with the Commission's Order No. 895.² In Order No. 895, the Commission directed each individual regional transmission organization and independent system operator (RTO/ISO) to submit a compliance filing proposing tariff provisions that will permit the entity to share market participants' credit-related information with other RTOs/ISOs for the purpose of credit risk management and mitigation.³

In this filing, the CAISO proposes tariff revisions to support its implementation of the directives of Order No. 895 and requests the Commission find this compliance filing satisfies the requirements of Order No. 895.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the CAISO tariff.

² *Credit Related Information Sharing in Organized Wholesale Markets*, Order No. 895, 183 FERC ¶ 61,193 (2023).

³ Order No. 895 at P 19.

I. Background

On June 15, 2023, the Commission issued Order No. 895 in which it explained that the ability of RTOs/ISOs to share credit-related information amongst themselves will improve the ability to accurately assess market participants' credit exposure and risks.⁴ The Commission recognized that market participants and prospective market participants generally do not make credit-related information provided to RTOs/ISOs publicly available, and this limits the ability of RTOs/ISOs to share this confidential information even when such information could be relevant to credit risk or mitigation.⁵ The Commission determined that information sharing amongst the RTOs/ISOs will contribute to a reduction of mutualized default risk and minimization of the costs resulting from such defaults when they occur.⁶

The CAISO's credit risk management rules and practices balance the need for robust market participant and liquidity while seeking to minimize mutual default risk. Section 12 of the CAISO tariff sets forth the standards by which the CAISO evaluates creditworthiness of market participants and potential market participants. As the Commission explained in Order No. 895, managing credit risk requires access to adequate information about a market participants' financial standing, including access to information about a market participant's business and operational activities in other organized wholesale electric markets.⁷ Although the CAISO has access to confidential information provided by its own market participants, the CAISO has limited visibility into the activities of that market participant or its affiliates in another organized wholesale electric market.⁸

In Order No. 895, the Commission concluded that tariff provisions that limit an RTO/ISOs ability to access and use a market participant's credit-related information from another RTO/ISO posed an unjust and unreasonable barrier to credit risk management and mitigation by the RTOs/ISOs.⁹ To address this limitation, the Commission has revised its regulations to require each RTO/ISO have tariff provisions that permit it to share market participants' credit-related

⁴ Order No. 895 at P 2.

⁵ Order No. 895 at P 6.

⁶ Order No. 895 at P 15.

⁷ Order No. 895 at P 16.

⁸ *Id.*

⁹ Order No. 895 at P 18.

information with other RTOs/ISOs for the purpose of credit risk management and mitigation.¹⁰ The revised regulations require the CAISO to implement tariff provisions that allow the CAISO to share credit-related information with the other Commission-jurisdictional wholesale market operators as a means to enhance credit management responsibilities.¹¹

II. CAISO Tariff Provisions Relevant to Order No. 895

The CAISO tariff prescribes rules and guidelines to govern a market participant's submission of credit-related information and require the CAISO to afford confidential treatment to such information. Consistent with Order No. 895, the CAISO is proposing revisions to its tariff to enhance its ability to share with the other Commission-jurisdictional RTO/ISOs all credit-related information through revisions to Appendix A, Section 12, and Section 20 of the CAISO Tariff.

A. Defining Credit Related Information

Order No. 895 declines to limit the type of information which can be shared amongst the RTOs/ISOs, acknowledging that it is impossible to foresee every type of credit-related information that may be useful to share.¹² Consistent with the Commission's approach in other creditworthiness matters, Order No. 895 provides discretion to each RTO/ISO to determine the types of credit-related information to share with the other jurisdictional RTOs/ISOs.¹³

To effectuate the sharing and receipt of credit-related information consistent with Order No. 895, the CAISO is proposing to add a new defined term to Appendix A for "Credit Related Information." Similar to how the CAISO defined a Material Change in Financial Condition in compliance with Order No. 741,¹⁴ the CAISO proposes to incorporate into the definition a non-exhaustive list of examples of credit related information. In the revisions proposed herein, the CAISO proposes to define "Credit Related Information" in Appendix A as:

Credit risk management or mitigation information received from, or provided to, a market operator in accordance with 18 C.F.R. § 35.47(h)(1), to be used by the CAISO to the same extent and for

¹⁰ Order No. 895 at PP 19-21.

¹¹ *Id.*

¹² Order No. 895 at P 32.

¹³ See, e.g., Order No. 895 at P 32.

¹⁴ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 140 FERC ¶ 61,097 (2012); see also Appendix A "Material Change in Financial Condition."

the same purpose as information collected from Market Participants pursuant to Section 12 and afforded confidential treatment by the CAISO as provided in Section 20. The types of Credit Related Information include, but are not limited to, the following:

- (a) lists of participants with positions in that market;
- (b) reports and metrics around risk and credit exposures;
- (c) disclosure that a market participant or affiliate has defaulted on any of its financial or contractual obligations, failed to pay invoices on a timely basis, or failed to meet a collateral call;
- (d) information regarding a market participant's or its affiliate's unresolved credit/collateral issues;
- (e) information indicating that a market participant or its affiliate has an increased risk of default, such as instances where a market participant or its affiliate has experienced a material adverse condition or material adverse change under a market operator's FERC-approved OATT or related agreement; and
- (f) any other information on a market participant or its affiliate that indicates a possible material adverse change in creditworthiness or financial status or an unreasonable credit risk.

This defined term recognizes that the CAISO cannot reasonably foresee every type of credit-related information that may be useful to share with another RTO/ISO and allows the CAISO to use its discretion in determining the kinds of credit-related information to share with the other RTOs/ISOs, within the bounds of the Commission's regulations.¹⁵ The CAISO respectfully requests that the Commission accept its proposed definition of Credit Related Information in compliance with the directive of Order No. 895.

B. Specifying the Use and Provision of Credit Related Information

Order No. 895 directs that an RTO/ISO should use credit-related information received from another RTO/ISO to the same extent and for the same purposes as that RTO/ISO may use credit-related information collected from its

¹⁵ See, e.g., Order No. 895 at P 32. The CAISO uses the term "market operator" in its proposed Appendix A, as the CAISO Tariff does not otherwise use a defined term for RTO/ISO. As provided in proposed tariff section 20.3, the CAISO may only share Credit Related Information if the Commission has approved the necessary agreements of the receiving market operator.

own market participants. The CAISO's creditworthiness standards, which govern the extent and use of credit-related information, are set forth in Section 12 of the CAISO tariff. Section 12 specifies the types of credit-related information the CAISO collects from its market participants and details how the CAISO uses information received from market participants, together with publicly available information, to assess, calculate, and review a market participant's obligations.¹⁶

In compliance with the directive of Order No. 895, requiring a specification as to the use of credit-related information, the CAISO proposes revisions to Section 12.1, which specifies the credit and minimum participation requirements for the CAISO markets.¹⁷ Specifically, the CAISO is proposing to revise Section 12.1(c) to expressly authorize the CAISO to request "Credit Related Information" that is needed to complete a review and verification that the prospective market participant satisfies the minimum participation requirements.¹⁸ In addition, the CAISO is proposing to revise Section 12.1(c) to expressly authorize the CAISO to select a market participant for review and verification based on identified risk factors, including risk factors revealed through "Credit Related Information" received from another market operator.¹⁹ In addition, the CAISO is proposing to revise Section 12.1.1 and Section 12.1.2 to expressly authorize the CAISO to review the unsecured credit limit for any market participant whenever received "Credit Related Information" could indicate a material change in financial condition,²⁰ and to authorize use of "Credit Related Information" when assessing a market participant's overall financial health and ability to meet its financial obligations.²¹ The CAISO respectfully requests that the Commission accept these proposed tariff changes as compliant with Order No. 895's directive to specify how an RTO/ISO will use credit-related information.²²

In compliance with the directive of Order No. 895, requiring a specification of the provision of Credit Related Information with other jurisdictional RTOs/ISOs, the CAISO proposes revisions to Section 20.3 of the CAISO tariff, governing how

¹⁶ See, e.g., existing tariff Section 12; *Cal. Indep. Sys. Operator Corp.*, 136 FERC ¶ 61,194 (2011); *Cal. Indep. Sys. Operator Corp.*, 138 FERC ¶ 61,181 (2012).

¹⁷ See existing tariff Section 12.1(a) ("The credit and minimum participation requirements in this section apply to . . . any transaction in a CAISO Market [and] in any CAISO auction of CRRs.").

¹⁸ See new tariff Section 12.1(c).

¹⁹ *Id.*

²⁰ See new tariff Section 12.1.1.

²¹ See new tariff Section 12.1.2.

²² Order No. 895 at PP 47-50.

the CAISO may share confidential information with other parties. Specifically, the CAISO has proposed to revise Section 20.3 to add subsection (b) to specify:

Credit Related Information may be shared by the CAISO as provided in 18 C.F.R. § 35.47(h)(1) if the receiving market operator has agreed to treat Credit Related Information received from the CAISO as confidential under the terms set forth in the receiving market operator's FERC-approved tariff.

As drafted, the CAISO's proposed tariff provision is consistent with Order No. 895's requirement to share credit related information only where authorized by the Commission. In the event FERC determines that a non-jurisdictional operator has just and reasonable means of maintaining confidentiality, the CAISO would be permitted to share such information. Until such time, this provision limits the CAISO to sharing information only with other Commission jurisdictional RTOs/ISOs, as required by Order No. 895.²³ The CAISO respectfully requests that the Commission accept these proposed tariff changes as compliant with Order No. 895's directive to specify how an RTO/ISO will share credit-related information.²⁴

C. Affording Confidential Treatment to Credit Related Information Received from Other RTOs/ISOs

Order No. 895 instructs each RTO/ISO that receives credit-related information from another RTO/ISO to revise its tariff to require that such information is kept confidential.²⁵ As the Commission explained, this requirement ensures that all credit-related information shared by RTOs/ISOs will be safeguarded by the receiving RTO/ISO in accordance with its FERC-approved tariff.²⁶

To protect credit-related information received by the CAISO from another RTO/ISO, the CAISO is proposing revisions to both Section 12 and 20 of its tariff. First, Section 12.1(d) of the CAISO tariff provides that the CAISO will treat "any documentation" provided in compliance with Section 12 as confidential.²⁷ The

²³ Order No. 895 at P 83.

²⁴ Order No. 895 at PP 47-50.

²⁵ Order No. 895 at PP 67-71.

²⁶ Order No. 895 at PP 67-69.

²⁷ See existing tariff Section 12.1(d).

CAISO has proposed to add language to specify that any Credit Related Information received from another RTO/ISO shall be treated as confidential.²⁸ Additionally, the CAISO is proposing to revise Section 20.1 and 20.2 to expressly state that Credit Related Information will be treated as confidential information.²⁹ Finally, the CAISO has proposed revisions to Section 20.4 to ensure an entity whose information is shared with CAISO has sufficient redress, as required by the Commission.³⁰ The CAISO respectfully requests that the Commission accept these proposed tariff changes as compliant with Order No. 895's directive to specify the confidential treatment the receiving RTO/ISO will afford to credit related information.³¹

III. Effective Date

The CAISO respectfully requests the Commission accept its tariff revisions, effective August 21, 2023, contemporaneous with Order No. 895.³²

IV. Communications

Correspondence and other communications regarding this filing should be directed to:

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²⁸ See new tariff Section 12.1(d).

²⁹ See new tariff Section 20.1 (" . . . and will treat any Credit Related Information as confidential); new tariff Section 20.2(f)(vi) (including Credit Related Information to the extent such information is received through the transmission planning process).

³⁰ See Order No. 895 at P 71.

³¹ Order No. 895 at PP 67-71.

³² To the extent necessary, the CAISO respectfully requests the Commission waive the prior notice and filing requirement as the Commission's regulations outlining the means and methods for sharing credit-related information amongst the RTOs/ISOs became effective no later than sixty days after publication of the rule and good cause exists to waive such period, making the CAISO's tariff revisions effective contemporaneous with the effectiveness of Order No. 895.

V. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

VI. Contents of filing

In addition to this transmittal letter, this filing includes the following attachments:

- | | |
|--------------|---|
| Attachment A | Clean CAISO tariff sheets incorporating this tariff amendment |
| Attachment B | Red-lined document showing the revisions in this tariff amendment |

VII. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests the Commission issue an order accepting the proposed tariff revisions as compliant with Order No. 895.

Respectfully submitted,

/s/ Heather Curlee

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Attachment A – Clean Tariff

Compliance Filing – FERC Order No. 895

California Independent System Operator Corporation

October 19, 2023

Appendix A

- Credit Related Information

Credit risk management or mitigation information received from, or provided to, a market operator in accordance with 18 C.F.R. § 35.47(h)(1). The types of Credit Related Information include, but are not limited to, the following:

- (a) lists of participants with positions in that market;
- (b) reports and metrics around risk and credit exposures;
- (c) disclosure that a market participant or affiliate has defaulted on any of its financial or contractual obligations, failed to pay invoices on a timely basis, or failed to meet a collateral call;
- (d) information regarding a market participant's or its affiliate's unresolved credit/collateral issues;
- (e) information indicating that a market participant or its affiliate has an increased risk of default, such as instances where a market participant or its affiliate has experienced a material adverse condition or material adverse change under a market operator's FERC-approved OATT or related agreement; and
- (f) any other information on a market participant or its affiliate that indicates a possible material adverse change in creditworthiness or financial status or an unreasonable credit risk.

* * * * *

Section 12

12. Creditworthiness

12.1 Credit and Minimum Participation Requirements

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- (c) The CAISO will review and verify that prospective Market Participants satisfy the minimum participation requirements set forth in this Section 12.1, and the CAISO will request any information from prospective Market Participants that is needed to complete the CAISO's review and verification and the CAISO may also request Credit Related Information to complete the CAISO's review and verification. Further, the CAISO will annually select, on a random basis, up to ten (10) percent of the Market Participants that are not already subject to annual verification as set forth in Section 12.1(b)(ii), and the CAISO will request any information from those randomly selected Market Participants that is needed to review and verify whether the Market Participants continue to satisfy the minimum participation requirements set forth in this Section 12.1 and the CAISO may request Credit Related Information. Each Market Participant randomly selected for annual verification and satisfactorily verified will be exempted from such random verification for the subsequent two (2) years, unless within that two-year period the Market Participant undergoes a Material Change in Financial Condition as set forth in Section 12.1.1.5, in which case the Market Participant will remain subject to random verification within the two-year period. In addition, the CAISO may at any time select any Market Participant for review to determine whether the Market Participant continues to satisfy the minimum participation requirements set forth in this Section 12.1, based on identified risk factors that include, but are not limited to, the CAISO Markets in which the Market Participant is transacting or seeks to transact, the magnitude of the Market

Participant's transactions or potential transactions, or the volume of the Market Participant's open positions in the CAISO Markets, or Credit Related Information received from another market operator. Such review by the CAISO based on identified risk factors will not be subject to the two-year period of exemption from random verification.

- (d) Each Market Participant shall respond to any CAISO request for information within five (5) Business Days. Failure to provide the requested information within the specified time period may result in the CAISO taking enforcement actions pursuant to Section 12.5. The CAISO may review and verify the information either with or without the assistance of a third party, at the CAISO's discretion, subject to confidentiality and non-disclosure restrictions, as applicable. The CAISO will provide the Market Participant with a written explanation of any deficiencies in the information provided. For purposes of Section 12, any documentation provided by a prospective or existing Market Participant in compliance with this Section shall be treated as confidential, including any Credit Related Information received from another market operator, and the CAISO shall maintain the confidentiality of all such documents. Any CAISO review and verification of the Market Participant's risk management policies, procedures, and controls will be conducted according to generally accepted risk management standards that may be developed from time to time and shall include but not be limited to confirmation that:

- The Market Participant's risk management framework is documented in a risk policy addressing market, credit, and liquidity risks that has been approved by the Market Participant's risk management governance function, which includes appropriate corporate persons or bodies that are independent of the Market Participant's trading functions, such as a risk management committee, a designated risk officer, a board or board committee, or a board or committee of the Market Participant's parent company;
- The Market Participant maintains an organizational structure with clearly defined roles and responsibilities that segregate front-, middle-, and back-office functions to as high a level as is practicable;

- Delegations of authority specify the transactions in which traders are allowed to enter;
- The Market Participant ensures that traders have adequate training and experience relative to their delegations of authority in systems and the markets in which they transact;
- As appropriate, risk limits are in place to control risk exposures;
- Reporting is in place to ensure risks are adequately communicated throughout the organization;
- Processes are in place for independent confirmation of executed transactions; and
- As appropriate, there is periodic evaluation or mark-to-market of risk positions.

* * * * *

12.1.1 Unsecured Credit Limit

Each Market Participant requesting an Unsecured Credit Limit shall submit an application to the CAISO in the form specified on the CAISO Website. The CAISO shall determine the Unsecured Credit Limit for each Market Participant in accordance with the procedures set forth in the applicable Business Practice Manual. The maximum Unsecured Credit Limit for any Market Participant, and group of Market Participant Affiliates, shall be \$50 million. In accordance with the procedures described in the applicable Business Practice Manual, each Market Participant requesting or maintaining an Unsecured Credit Limit is required to submit to the CAISO or its agent financial statements and other information related to its overall financial health as directed by the CAISO. Each Market Participant is responsible for the timely submission of its latest financial statements as well as other information, including, but not limited to, information concerning all entities that are Affiliates or become Affiliates, that may be reasonably necessary for the CAISO to conduct its evaluation. The CAISO shall determine the Unsecured Credit Limit for each Market Participant as described in Sections 12.1.1.1, 12.1.1.1.1, and 12.1.1.1.2.

As a result of the CAISO's credit evaluation, a Market Participant may be given an Unsecured Credit Limit

by the CAISO or denied an Unsecured Credit Limit with the CAISO. Following the initial application and the establishment of an Unsecured Credit limit, the CAISO will review each Market Participant's Unsecured Credit Limit on a quarterly basis, unless that entity does not prepare quarterly statements, in which case the review will occur on an annual basis, and no entity shall be required to submit a new application. In addition, the CAISO may review the Unsecured Credit Limit for any Market Participant whenever the CAISO becomes aware of information, including Credit Related Information, that could indicate a Material Change in Financial Condition. In the event the CAISO determines that the Unsecured Credit Limit of a Market Participant must be reduced as a result of a subsequent review due to a reason other than a Material Change in Financial Condition, the CAISO shall notify the Market Participant of the reduction, and shall, upon request, also provide the Market Participant with a written explanation of why the reduction was made. In the event the CAISO determines that the Unsecured Credit Limit of a Market Participant must be reduced as a result of a subsequent review due to a Material Change in Financial Condition, the CAISO shall notify the Market Participant of the reduction in writing and shall provide the Market Participant with a written explanation of the reasons for the reduction, either in advance of the reduction if reasonably practicable or after the reduction was made if providing the written notification and explanation in advance is not reasonably practicable, as set forth in the applicable Business Practice Manual.

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12.1.1.2 Credit Strength Indicators

In determining a Market Participant's Unsecured Credit Limit, the CAISO may rely on information gathered from financial reporting agencies, the general/financial/energy press, other market operators, and provided by the Market Participant to assess its overall financial health and its ability to meet its financial obligations. Information considered by the CAISO in this process may include the following qualitative factors:

- (a) Applicant's history;
- (b) Nature of organization and operating environment;

- (c) Management;
- (d) Contractual obligations;
- (e) Governance policies;
- (f) Financial and accounting policies;
- (g) Risk management and credit policies;
- (h) Market risk including price exposures, credit exposures and operational exposures;
- (i) Event risk;
- (j) The state or local regulatory environment; and
- (k) Affiliate disclosure information provided pursuant to this CAISO Tariff, including Sections 4.14.2.1, 12.1.1, 39.9, and/or 39.11.1.

Material negative information in these areas may result in a reduction of up to one hundred percent (100%) in the Unsecured Credit Limit that would otherwise be granted based on the six-step process described in Section 12.1.1.1. A Market Participant, upon request, will be provided a written analysis as to how the provisions in Section 12.1.1.1 and this section were applied in setting its Unsecured Credit Limit.

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Section 20

20. Confidentiality

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20.4 Disclosure

Notwithstanding anything in this Section 20 to the contrary,

* * * * *

- (c) The CAISO may disclose confidential or commercially sensitive information, without notice to an affected Market Participant, in the following circumstances:
 - (i) If the FERC, the Commodity Futures Trading Commission (“CFTC”), or the staff of one of those agencies, during the course of an investigation or otherwise, requests information that is confidential or commercially sensitive. In providing the information to FERC or its staff, the CAISO shall take action consistent with 18 C.F.R. §§ 1b.20 and 388.112, or to the CFTC or its staff, the CAISO shall take action consistent with 17 C.F.R. §§ 11.3 and 145.9, and request that the information be treated as confidential and non-public by the agency and its staff and that the information be withheld from public disclosure. The CAISO shall provide the requested information to the agency or its staff within the time provided for in the request for information. The CAISO shall notify an affected Market Participant within a reasonable time after the CAISO is notified by the agency or its staff that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time the CAISO and the affected Market Participant may respond before such information would be made public; or
 - (ii) If the National Cyber Communication Information Center (“NCCIC,” part of the Department of Homeland Security), or a federal agency with similar cybersecurity

responsibilities, or the staff of one of those agencies, requests information that is confidential or commercially sensitive in response to a Cyber Exigency that threatens or has the potential to threaten reliable operation of the CAISO Balancing Authority Area. In providing the information to the agency or its staff, the CAISO shall take action consistent with applicable laws and regulations, as well as other applicable policies or procedures of the agency, and request that the information be treated as confidential and non-public by the agency and its staff and that the information be withheld from public disclosure. The CAISO shall notify an affected Market Participant within a reasonable time after the CAISO is notified by the agency or its staff that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time the CAISO and the affected Market Participant may respond before such information would be made public; or

- (iii) As provided in 18 C.F.R. § 35.47(h)(1), the CAISO may share Credit Related Information with another market operator if the receiving market operator will treat the Credit Related Information as confidential under the terms set forth in the receiving market operator's FERC-approved tariff. If the CAISO receives Credit Related Information from another market operator, the CAISO will treat the information in accordance with the confidentiality protections in Section 20. The CAISO will use the Credit Related Information received from another market operator to the same extent and for the same purpose as information received from its own Market Participants.
- (iv) In order to maintain reliable operation of the CAISO Balancing Authority Area, the CAISO may share critical operating information, system models, and planning data with the WECC Reliability Coordinator that has executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data, or is subject to similar confidentiality requirements; or
- (v) In order to maintain reliable operation of the CAISO Balancing Authority Area, the

CAISO may share individual Generating Unit Outage information with the operations engineering and the outage coordination division(s) of other Balancing Authorities, Participating TOs, MSS Operators and other transmission system operators engaged in the operation and maintenance of the electric supply system whose system is significantly affected by the Generating Unit and who have executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data; or

- (vi) In order to maintain reliable operation of the CAISO Balancing Authority Area, the CAISO may share information regarding Maintenance Outages and Forced Outages of natural gas-fired generation resources and Maintenance Outages and Forced Outages of elements of the ISO Controlled Grid with natural gas transmission and distribution utilities operating inter-state and/or intra-state natural gas pipelines that serve natural gas-fired generation resources within the CAISO Balancing Authority Area. The CAISO may share information necessary for day-to-day coordination and longer term planning of gas transmission and pipeline outages which information includes, but is not limited to, the identity of individual natural gas-fired generation resources that are needed to support reliability of the ISO Balancing Authority Area in the event of natural gas shortage, natural gas pipeline testing and maintenance, or other curtailment of natural gas supplies. The information will be shared only pursuant to a non-disclosure agreement and non-disclosure statement included as part of the Business Practice Manual.

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Attachment B – Marked Tariff

Compliance Filing – FERC Order No. 895

California Independent System Operator Corporation

October 19, 2023

Appendix A

- Credit Related Information

Credit risk management or mitigation information received from, or provided to, a market operator in accordance with 18 C.F.R. § 35.47(h)(1). The types of Credit Related Information include, but are not limited to, the following:

- (a) lists of participants with positions in that market;
- (b) reports and metrics around risk and credit exposures;
- (c) disclosure that a market participant or affiliate has defaulted on any of its financial or contractual obligations, failed to pay invoices on a timely basis, or failed to meet a collateral call;
- (d) information regarding a market participant's or its affiliate's unresolved credit/collateral issues;
- (e) information indicating that a market participant or its affiliate has an increased risk of default, such as instances where a market participant or its affiliate has experienced a material adverse condition or material adverse change under a market operator's FERC-approved OATT or related agreement; and
- (f) any other information on a market participant or its affiliate that indicates a possible material adverse change in creditworthiness or financial status or an unreasonable credit risk.

* * * * *

Section 12

12. Creditworthiness

12.1 Credit and Minimum Participation Requirements

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- (c) The CAISO will review and verify that prospective Market Participants satisfy the minimum participation requirements set forth in this Section 12.1, and the CAISO will request any information from prospective Market Participants that is needed to complete the CAISO's review and verification and the CAISO may also request Credit Related Information to complete the CAISO's review and verification. Further, the CAISO will annually select, on a random basis, up to ten (10) percent of the Market Participants that are not already subject to annual verification as set forth in Section 12.1(b)(ii), and the CAISO will request any information from those randomly selected Market Participants that is needed to review and verify whether the Market Participants continue to satisfy the minimum participation requirements set forth in this Section 12.1 and the CAISO may request Credit Related Information. Each Market Participant randomly selected for annual verification and satisfactorily verified will be exempted from such random verification for the subsequent two (2) years, unless within that two-year period the Market Participant undergoes a Material Change in Financial Condition as set forth in Section 12.1.1.5, in which case the Market Participant will remain subject to random verification within the two-year period. In addition, the CAISO may at any time select any Market Participant for review to determine whether the Market Participant continues to satisfy the minimum participation requirements set forth in this Section 12.1, based on identified risk factors that include, but are not limited to, the CAISO Markets in which the Market Participant is transacting or seeks to transact, the magnitude of the Market

Participant's transactions or potential transactions, or the volume of the Market Participant's open positions in the CAISO Markets, or Credit Related Information received from another market operator. Such review by the CAISO based on identified risk factors will not be subject to the two-year period of exemption from random verification.

- (d) Each Market Participant shall respond to any CAISO request for information within five (5) Business Days. Failure to provide the requested information within the specified time period may result in the CAISO taking enforcement actions pursuant to Section 12.5. The CAISO may review and verify the information either with or without the assistance of a third party, at the CAISO's discretion, subject to confidentiality and non-disclosure restrictions, as applicable. The CAISO will provide the Market Participant with a written explanation of any deficiencies in the information provided. For purposes of Section 12, any documentation provided by a prospective or existing Market Participant in compliance with this Section shall be treated as confidential, including any Credit Related Information received from another market operator, and the CAISO shall maintain the confidentiality of all such documents. Any CAISO review and verification of the Market Participant's risk management policies, procedures, and controls will be conducted according to generally accepted risk management standards that may be developed from time to time and shall include but not be limited to confirmation that:
- The Market Participant's risk management framework is documented in a risk policy addressing market, credit, and liquidity risks that has been approved by the Market Participant's risk management governance function, which includes appropriate corporate persons or bodies that are independent of the Market Participant's trading functions, such as a risk management committee, a designated risk officer, a board or board committee, or a board or committee of the Market Participant's parent company;
 - The Market Participant maintains an organizational structure with clearly defined roles and responsibilities that segregate front-, middle-, and back-office functions to as high a level as is practicable;

- Delegations of authority specify the transactions in which traders are allowed to enter;
- The Market Participant ensures that traders have adequate training and experience relative to their delegations of authority in systems and the markets in which they transact;
- As appropriate, risk limits are in place to control risk exposures;
- Reporting is in place to ensure risks are adequately communicated throughout the organization;
- Processes are in place for independent confirmation of executed transactions; and
- As appropriate, there is periodic evaluation or mark-to-market of risk positions.

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12.1.1 Unsecured Credit Limit

Each Market Participant requesting an Unsecured Credit Limit shall submit an application to the CAISO in the form specified on the CAISO Website. The CAISO shall determine the Unsecured Credit Limit for each Market Participant in accordance with the procedures set forth in the applicable Business Practice Manual. The maximum Unsecured Credit Limit for any Market Participant, and group of Market Participant Affiliates, shall be \$50 million. In accordance with the procedures described in the applicable Business Practice Manual, each Market Participant requesting or maintaining an Unsecured Credit Limit is required to submit to the CAISO or its agent financial statements and other information related to its overall financial health as directed by the CAISO. Each Market Participant is responsible for the timely submission of its latest financial statements as well as other information, including, but not limited to, information concerning all entities that are Affiliates or become Affiliates, that may be reasonably necessary for the CAISO to conduct its evaluation. The CAISO shall determine the Unsecured Credit Limit for each Market Participant as described in Sections 12.1.1.1, 12.1.1.1.1, and 12.1.1.1.2.

As a result of the CAISO's credit evaluation, a Market Participant may be given an Unsecured Credit Limit

by the CAISO or denied an Unsecured Credit Limit with the CAISO. Following the initial application and the establishment of an Unsecured Credit limit, the CAISO will review each Market Participant's Unsecured Credit Limit on a quarterly basis, unless that entity does not prepare quarterly statements, in which case the review will occur on an annual basis, and no entity shall be required to submit a new application. In addition, the CAISO may review the Unsecured Credit Limit for any Market Participant whenever the CAISO becomes aware of information, including Credit Related Information, that could indicate a Material Change in Financial Condition. In the event the CAISO determines that the Unsecured Credit Limit of a Market Participant must be reduced as a result of a subsequent review due to a reason other than a Material Change in Financial Condition, the CAISO shall notify the Market Participant of the reduction, and shall, upon request, also provide the Market Participant with a written explanation of why the reduction was made. In the event the CAISO determines that the Unsecured Credit Limit of a Market Participant must be reduced as a result of a subsequent review due to a Material Change in Financial Condition, the CAISO shall notify the Market Participant of the reduction in writing and shall provide the Market Participant with a written explanation of the reasons for the reduction, either in advance of the reduction if reasonably practicable or after the reduction was made if providing the written notification and explanation in advance is not reasonably practicable, as set forth in the applicable Business Practice Manual.

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12.1.1.2 Credit Strength Indicators

In determining a Market Participant's Unsecured Credit Limit, the CAISO may rely on information gathered from financial reporting agencies, the general/financial/energy press, other market operators, and provided by the Market Participant to assess its overall financial health and its ability to meet its financial obligations. Information considered by the CAISO in this process may include the following qualitative factors:

- (a) Applicant's history;
- (b) Nature of organization and operating environment;

- (c) Management;
- (d) Contractual obligations;
- (e) Governance policies;
- (f) Financial and accounting policies;
- (g) Risk management and credit policies;
- (h) Market risk including price exposures, credit exposures and operational exposures;
- (i) Event risk;
- (j) The state or local regulatory environment; and
- (k) Affiliate disclosure information provided pursuant to this CAISO Tariff, including Sections 4.14.2.1, 12.1.1, 39.9, and/or 39.11.1.

Material negative information in these areas may result in a reduction of up to one hundred percent (100%) in the Unsecured Credit Limit that would otherwise be granted based on the six-step process described in Section 12.1.1.1. A Market Participant, upon request, will be provided a written analysis as to how the provisions in Section 12.1.1.1 and this section were applied in setting its Unsecured Credit Limit.

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Section 20

20. Confidentiality

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20.4 Disclosure

Notwithstanding anything in this Section 20 to the contrary,

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- (c) The CAISO may disclose confidential or commercially sensitive information, without notice to an affected Market Participant, in the following circumstances:
 - (i) If the FERC, the Commodity Futures Trading Commission (“CFTC”), or the staff of one of those agencies, during the course of an investigation or otherwise, requests information that is confidential or commercially sensitive. In providing the information to FERC or its staff, the CAISO shall take action consistent with 18 C.F.R. §§ 1b.20 and 388.112, or to the CFTC or its staff, the CAISO shall take action consistent with 17 C.F.R. §§ 11.3 and 145.9, and request that the information be treated as confidential and non-public by the agency and its staff and that the information be withheld from public disclosure. The CAISO shall provide the requested information to the agency or its staff within the time provided for in the request for information. The CAISO shall notify an affected Market Participant within a reasonable time after the CAISO is notified by the agency or its staff that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time the CAISO and the affected Market Participant may respond before such information would be made public; or
 - (ii) If the National Cyber Communication Information Center (“NCCIC,” part of the Department of Homeland Security), or a federal agency with similar cybersecurity

responsibilities, or the staff of one of those agencies, requests information that is confidential or commercially sensitive in response to a Cyber Exigency that threatens or has the potential to threaten reliable operation of the CAISO Balancing Authority Area. In providing the information to the agency or its staff, the CAISO shall take action consistent with applicable laws and regulations, as well as other applicable policies or procedures of the agency, and request that the information be treated as confidential and non-public by the agency and its staff and that the information be withheld from public disclosure. The CAISO shall notify an affected Market Participant within a reasonable time after the CAISO is notified by the agency or its staff that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time the CAISO and the affected Market Participant may respond before such information would be made public; or

(iii) As provided in 18 C.F.R. § 35.47(h)(1), the CAISO may share Credit Related Information with another market operator if the receiving market operator will treat the Credit Related Information as confidential under the terms set forth in the receiving market operator's FERC-approved tariff. If the CAISO receives Credit Related Information from another market operator, the CAISO will treat the information in accordance with the confidentiality protections in Section 20. The CAISO will use the Credit Related Information received from another market operator to the same extent and for the same purpose as information received from its own Market Participants.

(iv#) In order to maintain reliable operation of the CAISO Balancing Authority Area, the CAISO may share critical operating information, system models, and planning data with the WECC Reliability Coordinator that has executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data, or is subject to similar confidentiality requirements; or

(iv) In order to maintain reliable operation of the CAISO Balancing Authority Area, the

CAISO may share individual Generating Unit Outage information with the operations engineering and the outage coordination division(s) of other Balancing Authorities, Participating TOs, MSS Operators and other transmission system operators engaged in the operation and maintenance of the electric supply system whose system is significantly affected by the Generating Unit and who have executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data; or

- (vi) In order to maintain reliable operation of the CAISO Balancing Authority Area, the CAISO may share information regarding Maintenance Outages and Forced Outages of natural gas-fired generation resources and Maintenance Outages and Forced Outages of elements of the ISO Controlled Grid with natural gas transmission and distribution utilities operating inter-state and/or intra-state natural gas pipelines that serve natural gas-fired generation resources within the CAISO Balancing Authority Area. The CAISO may share information necessary for day-to-day coordination and longer term planning of gas transmission and pipeline outages which information includes, but is not limited to, the identity of individual natural gas-fired generation resources that are needed to support reliability of the ISO Balancing Authority Area in the event of natural gas shortage, natural gas pipeline testing and maintenance, or other curtailment of natural gas supplies. The information will be shared only pursuant to a non-disclosure agreement and non-disclosure statement included as part of the Business Practice Manual.

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