

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

**Table of Contents**

<u>43A.</u>	<u>Capacity Procurement Mechanism.....</u>	<u>2</u>
<u>43A.1</u>	<u>Applicability .....</u>	<u>2</u>
<u>43A.2</u>	<u>Capacity Procurement Mechanism Designation .....</u>	<u>2</u>
<u>43A.2.1</u>	<u>SC Failure to Show Sufficient Local Capacity Area Resources.....</u>	<u>2</u>
<u>43A.2.2</u>	<u>Collective Deficiency in Local Capacity Area Resources.....</u>	<u>3</u>
<u>43A.2.3</u>	<u>SC Failure to Show Sufficient Resource Adequacy Resources .....</u>	<u>4</u>
<u>43A.2.4</u>	<u>CPM Significant Events.....</u>	<u>5</u>
<u>43A.2.5</u>	<u>Exceptional Dispatch CPM.....</u>	<u>5</u>
<u>43A.2.6</u>	<u>[Not Used] .....</u>	<u>7</u>
<u>43A.2.7</u>	<u>Cumulative Deficiency in Flexible RA Capacity .....</u>	<u>7</u>
<u>43A.3</u>	<u>Terms of CPM Designation .....</u>	<u>9</u>
<u>43A.3.1</u>	<u>SC Annual Plan Failure to Show Local Capacity Area Resources .....</u>	<u>9</u>
<u>43A.3.2</u>	<u>SC Month Plan Failure to Show Local Capacity Area Resources .....</u>	<u>9</u>
<u>43A.3.3</u>	<u>Annual Plan Collective LCA Resources Insufficient.....</u>	<u>9</u>
<u>43A.3.4</u>	<u>SC Failure to Show Sufficient Resource Adequacy Resources .....</u>	<u>9</u>
<u>43A.3.5</u>	<u>Term – CPM Significant Event.....</u>	<u>9</u>
<u>43A.3.6</u>	<u>Term – Exceptional Dispatch CPM .....</u>	<u>10</u>
<u>43A.3.7</u>	<u>[Not Used] .....</u>	<u>11</u>
<u>43A.3.8</u>	<u>Term – Flexible Capacity CPM Designation .....</u>	<u>11</u>
<u>43A.4</u>	<u>Selection of Eligible Capacity Under the CPM through Competitive Solicitation Processes (CSP) and General Eligibility Rules.....</u>	<u>11</u>
<u>43A.4.1</u>	<u>Offer Rules to the CSPs.....</u>	<u>12</u>
<u>43A.4.2</u>	<u>Administering the CSPs .....</u>	<u>15</u>
<u>43A.4.3</u>	<u>Designation Amount .....</u>	<u>19</u>
<u>43A.5</u>	<u>Obligations of a Resource Designated Under the CPM .....</u>	<u>20</u>
<u>43A.5.1</u>	<u>Availability Obligations .....</u>	<u>20</u>
<u>43A.5.2</u>	<u>Obligation to Provide Capacity and Termination.....</u>	<u>21</u>
<u>43A.5.3</u>	<u>Availability Obligations for Simultaneous Designations .....</u>	<u>21</u>
<u>43A.5.4</u>	<u>Individualized Non-Availability Charges and Availability Incentive Payments .....</u>	<u>21</u>
<u>43A.6</u>	<u>Reports.....</u>	<u>22</u>
<u>43A.6.1</u>	<u>CPM Designation Market Notice .....</u>	<u>22</u>
<u>43A.6.2</u>	<u>Designation of a Resource Under the CPM.....</u>	<u>22</u>
<u>43A.6.3</u>	<u>Non-Market and Repeated Market Commitment of Non-RA Capacity .....</u>	<u>24</u>
<u>43A.6.4</u>	<u>Publication of Offers Submitted to the Competitive Solicitation Process.....</u>	<u>24</u>
<u>43A.7</u>	<u>Payments to Capacity Designated Under the CPM.....</u>	<u>24</u>
<u>43A.7.1</u>	<u>Calculation of Monthly CPM Capacity Payment .....</u>	<u>24</u>
<u>43A.7.2</u>	<u>Payments for Overlapping CPM Designations to the Same Resource.....</u>	<u>25</u>
<u>43A.7.3</u>	<u>Market Payments .....</u>	<u>25</u>
<u>43A.8</u>	<u>Allocation of CPM Capacity Payment Costs.....</u>	<u>25</u>
<u>43A.8.1</u>	<u>LSE or CPE Shortage of Local Capacity Area Resources in Annual Plan .....</u>	<u>25</u>
<u>43A.8.2</u>	<u>LSE or CPE Shortage of Local Capacity Area Resources in Month Plan .....</u>	<u>26</u>
<u>43A.8.3</u>	<u>Collective Deficiency in Local Capacity Area Resources.....</u>	<u>26</u>
<u>43A.8.4</u>	<u>LSE Shortage of Demand or Reserve Margin Requirement in Plan.....</u>	<u>26</u>
<u>43A.8.5</u>	<u>Allocation of CPM Significant Event Costs .....</u>	<u>27</u>
<u>43A.8.6</u>	<u>Allocation of Exceptional Dispatch CPMs .....</u>	<u>27</u>
<u>43A.8.7</u>	<u>[Not Used] .....</u>	<u>27</u>
<u>43A.8.8</u>	<u>Allocation of Flexible Capacity CPM Costs .....</u>	<u>27</u>
<u>43A.9</u>	<u>Crediting of CPM Capacity .....</u>	<u>29</u>
<u>43A.10</u>	<u>[Not Used] .....</u>	<u>31</u>

## **43A. Capacity Procurement Mechanism**

### **43A.1 Applicability**

This Section 43A shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence on or after November 1, 2016.

### **43A.2 Capacity Procurement Mechanism Designation**

The CAISO shall have the authority to designate Eligible Capacity to provide CPM Capacity services under the CPM to address the following circumstances, as discussed in greater detail in Section 43A:

1. Insufficient Local Capacity Area Resources in an annual or monthly Resource Adequacy Plan;
2. Collective deficiency in Local Capacity Area Resources;
3. Insufficient Resource Adequacy Resources in an LSE's annual or monthly Resource Adequacy Plan;
4. A CPM Significant Event;
5. A reliability or operational need for an Exceptional Dispatch CPM;
6. A cumulative deficiency in the total Flexible RA Capacity included in the annual or monthly Flexible RA Capacity Plans, or in a Flexible Capacity Category in the monthly Flexible RA Capacity Plans.

#### **43A.2.1 SC Failure to Show Sufficient Local Capacity Area Resources**

##### **43A.2.1.1 Annual Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in an annual Resource Adequacy Plan, submitted separately for each represented LSE or CPE, procurement of each LSE's or CPE's share of Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity), as determined in Section 40.3.2 for each month of the following Resource Adequacy Compliance Year, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43A.2.1.1 until after the Scheduling Coordinator has had the opportunity to cure the deficiency set forth in Section 40.7. The CAISO's authority to designate CPM Capacity under this Section 43A.2.1.1 is to ensure that each Local Capacity Area in a TAC Area in which the LSE or CPE has a Local Capacity Area Resource obligation has Local Capacity Area Resources in the amounts and

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.

**43A.2.1.2 Monthly Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in a monthly Resource Adequacy Plan, submitted separately for each represented LSE or CPE, procurement of each LSE's or CPE's share of Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity), as determined in Section 40.3.2 for the reported month, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43A.2.1.2 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. In no case is the CAISO authorized to designate CPM Capacity under this Section 43A.2.1.2 solely because a monthly Resource Adequacy Plan demonstrates procurement of a Local Capacity Area Resource that is on a Maintenance Outage at some point during the applicable month. The CAISO's authority to designate CPM Capacity under this Section 43A.2.1.2 is to ensure that each Local Capacity Area in a TAC Area in which the LSE or CPE has a Local Capacity Area Resource obligation has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of all Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted monthly Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7.

**43A.2.2 Collective Deficiency in Local Capacity Area Resources**

The CAISO shall have the authority to designate CPM Capacity where the Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity) specified in the annual Resource Adequacy Plans of all applicable Scheduling Coordinators, after the opportunity to cure under Section 43A.2.2.1 has been exhausted, fail to ensure compliance in one or more Local Capacity Areas with the

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Local Capacity Technical Study criteria provided in Section 40.3.1.1, regardless of whether such resources satisfy, for the deficient Local Capacity Area, the minimum amount of Local Capacity Area Resources identified in the Local Capacity Technical Study, and after assessing during all hours the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area. The CAISO may, pursuant to this Section 43A.2.2, designate CPM Capacity in an amount and location sufficient to ensure compliance during all hours with the Reliability Criteria applied in the Local Capacity Technical Study.

**43A.2.2.1 LSE and CPE Opportunity to Resolve Collective Deficiency in Local Capacity Area Resources**

Where the CAISO determines that a need for CPM Capacity exists under Section 43A.2.2, but prior to any designation of CPM Capacity, the CAISO shall issue a Market Notice identifying the deficient Local Capacity Area and the quantity of capacity that would permit the deficient Local Capacity Area to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1 and, where only specific resources are effective to resolve the Reliability Criteria deficiency, the CAISO shall provide the identity of such resources. Any Scheduling Coordinator for a LSE or CPE may submit a revised annual Resource Adequacy Plan within thirty (30) days of the beginning of the Resource Adequacy Compliance Year demonstrating procurement of additional Local Capacity Area Resources consistent with the Market Notice issued under this Section.

Any Scheduling Coordinator that provides such additional Local Capacity Area Resources consistent with the Market Notice under this Section shall have its share of any otherwise applicable CPM procurement costs under Section 43A.8.3 reduced on a proportionate basis. If the full quantity of capacity is not reported to the CAISO under revised annual Resource Adequacy Plans in accordance with this Section, the CAISO may designate CPM Capacity sufficient to alleviate the deficiency.

**43A.2.3 SC Failure to Show Sufficient Resource Adequacy Resources**

The CAISO shall have the authority to designate CPM Capacity where a Scheduling Coordinator fails to demonstrate in an annual or monthly Resource Adequacy Plan, submitted separately for each

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

represented LSE, procurement of sufficient Resource Adequacy Resources to comply with each LSE's annual and monthly Demand and Reserve Margin requirements under Section 40; provided that the CAISO shall not designate CPM Capacity under this Section 43A.2.3 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7; provided further that the CAISO shall not designate CPM Capacity under this Section 43A.2.3 unless there is an overall net deficiency in meeting the total annual or monthly Demand and Reserve Margin requirements, whichever is applicable, after taking into account all LSE demonstrations in their annual or monthly Resource Adequacy Plans. Furthermore, in no case is the CAISO authorized to designate CPM Capacity under this Section 43A.2.3 solely because a monthly Resource Adequacy Plan demonstrates procurement of a Resource Adequacy Resource that is on a Maintenance Outage at some point during the applicable month.

**43A.2.4 CPM Significant Events**

The CAISO may designate CPM Capacity to provide service on a prospective basis following a CPM Significant Event, to the extent necessary to maintain compliance with Reliability Criteria and taking into account the expected duration of the CPM Significant Event.

**43A.2.5 Exceptional Dispatch CPM**

The CAISO shall designate as CPM Capacity to provide service on a prospective basis the capacity of a resource that responds to an Exceptional Dispatch if the Exceptional Dispatch is issued pursuant to Section 34.11.1, subsections (6), (9) or (10) of Section 34.11.2, or Section 34.11.3, unless the Exceptional Dispatch directs the curtailment or shut down of the resource.

**43A.2.5.1 [Not Used]**

**43A.2.5.2 Quantity of Capacity included in an Exceptional Dispatch CPM Designation**

**43A.2.5.2.1 Exceptional Dispatch of Eligible Capacity**

If Eligible Capacity receives an Exceptional Dispatch CPM designation under Section 43A.2.5, then the CAISO shall designate as CPM Capacity the greater of the PMin of the resource providing the capacity or the quantity of capacity needed from the resource providing the capacity (beyond whatever quantity of capacity is already Committed RA Capacity, capacity subject to a RMR Contract, or has been subject to a self-schedule or market-based commitment at the time of the Exceptional Dispatch) to address the

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

reliability issue as determined in an engineering assessment.

For designations made in the post-day ahead timeframe, the CAISO will make an initial determination of the quantity of Exceptional Dispatch CPM Capacity and will subsequently make a post-day ahead reliability assessment of the amount of capacity needed to address the reliability issue, as set forth in the Business Practice Manuals. If the post-day ahead reliability assessment shows that no additional Exceptional Dispatch CPM Capacity is needed from the resource to address the reliability issue, the resource will be compensated based on the initial quantity of Exceptional Dispatch CPM Capacity designated. If the post-day ahead reliability assessment shows that additional Exceptional Dispatch CPM Capacity is needed from the resource to address the reliability issue, the CAISO will designate the incremental quantity of capacity, will treat the initial and incremental quantities of the Exceptional Dispatch CPM Capacity as a single designation effective as of the date of the initial designation, and will compensate the resource based on the sum of the initial and incremental quantities of the Exceptional Dispatch CPM Capacity for the term of the designation. Any incremental Exceptional Dispatch CPM Capacity designated under this section does not result in a new thirty (30) day term or sixty (60) -day term, as applicable.

**43A.2.5.2.2 [Not Used]**

**43A.2.5.2.3 Subsequent Exceptional Dispatch**

If the CAISO, during the term of a resource's Exceptional Dispatch CPM designation, issues a subsequent Exceptional Dispatch to the resource that exceeds the sum of the resource's CPM Capacity and RA Capacity, the subsequent Exceptional Dispatch CPM Capacity shall equal the difference between the quantity of capacity needed from the resource to address the reliability issue, as determined in an engineering assessment conducted as set forth in the Business Practice Manuals, and the sum of the resource's CPM Capacity and RA Capacity, but not to exceed the resource's Eligible Capacity. The increase will be effective for the remainder of the initial Exceptional Dispatch CPM Term and retroactively to the beginning of the initial Exceptional Dispatch CPM Term or the first day of the month in which the increase occurs, whichever is later. Any incremental Exceptional Dispatch issued within any Exceptional Dispatch CPM Term does not result in a new 30-day term or 60-day term, as applicable. The total Exceptional Dispatch CPM Capacity shall be compensated based on the results of the Intra-monthly CSP

in which the initial Exceptional Dispatch CPM Capacity was designated as CPM Capacity.

**43A.2.5.2.4 Change in RA, RMR or CPM Status**

If a resource has an RA, RMR or CPM Capacity obligation that pre-existed the resource's Exceptional Dispatch CPM designation and, during the term of the resource's Exceptional Dispatch CPM designation, the amount of the resource's RA, RMR or CPM Capacity is reduced, the CAISO will increase the CPM designation by the amount, if any, necessary to ensure that the sum of Exceptional Dispatch CPM designation quantity and any remaining RA Capacity is not less than PMin. If capacity that receives an Exceptional Dispatch CPM designation becomes RA Capacity or receives a monthly CPM designation or Significant Event designation or receives an RMR Contract as of a certain date, then the Exceptional Dispatch CPM designation shall be reduced by the amount of the new RA Capacity, CPM Significant Event designation, or RMR Contract from that date through the rest of the CPM designation term.

**43A.2.5.3 Consequences of Declining an Exceptional Dispatch CPM Designation**

*If capacity that was not offered into the Intra-monthly CSP is offered an Exceptional Dispatch CPM designation and declines the designation, then the resource shall be compensated based on supplemental revenues under Sections 39.10 and 11.5.6.7.*

**43A.2.6 [Not Used]**

**43A.2.7 Cumulative Deficiency in Flexible RA Capacity**

- (a) **Annual Plans.** A cumulative deficiency will exist in the annual LSE Flexible RA Capacity Plans if the total amount of Flexible RA Capacity shown in the plans of all Load Serving Entities, based on the Effective Flexible Capacity value determined by the CAISO for each resource, is less than 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1.
- (b) **Monthly Plans.** A cumulative deficiency will exist in the monthly Flexible RA Capacity Plans –
  - (1) if the total amount of Flexible RA Capacity shown in the plans of all Load Serving Entities, limited on a collective basis to the maximum monthly requirement for each category and based on the Effective Flexible Capacity value determined by the CAISO for each resource, is less than the applicable monthly Flexible

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Capacity Need determined by the CAISO pursuant to Section 40.10.1; or

- (2) if the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans of all Load Serving Entities, based on the Effective Flexible Capacity value determined by the CAISO for each resource, on a collective basis is less than the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.4.

**43A.2.7.1 Final Opportunity to Resolve Deficiency**

If the processes set forth in Section 40.10.5.4, 40.10.5.5, and 40.10.5.6 do not fully resolve a deficiency or discrepancy in the annual or monthly Flexible RA Capacity Plans, and if the CAISO determines that a cumulative deficiency exists under Section 43A.2.7 and that there is a need for Flexible Capacity CPM, but prior to issuing a Flexible Capacity CPM designation for the cumulative deficiency –

- (1) the CAISO shall (i) issue a Market Notice that describes the cumulative deficiency and specifies the quantity of Flexible RA Capacity necessary to meet the applicable Flexible Capacity Need, and (ii) notify the Load Serving Entities that are deficient and the Local Regulatory Authority with jurisdiction over each deficient Load Serving Entity;
- (2) a Scheduling Coordinator for a Load Serving Entity that is deficient, or for a Load Serving Entity subject to the jurisdiction of a Local Regulatory Authority that is deficient, may submit a revised annual or monthly Flexible RA Capacity Plan to demonstrate procurement of additional Flexible RA Capacity consistent with the Market Notice issued under this Section; but shall not include any other revisions in a plan submitted under this Section. A revised annual Flexible RA Capacity Plan must be submitted no later than December 31 for the following calendar year. A revised monthly Flexible RA Capacity Plan must be submitted no less than five days prior to the first day of the applicable month.

**43A.2.7.2 Designation**

After the opportunity to resolve the cumulative deficiency under Section 40.10.5.4 has been exhausted, if total required Flexible RA Capacity reported to the CAISO in revised annual or monthly Flexible RA



California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Capacity Plans does not meet the Flexible RA Capacity Need in accordance with this Section, the CAISO may issue a Flexible Capacity CPM designation in an amount sufficient to alleviate the deficiency. In no case, however, is the CAISO authorized to designate CPM Capacity under this Section 43A.2.7.2 solely because a monthly Resource Adequacy Plan demonstrates procurement of a Flexible RA Capacity resource that is on a Maintenance Outage at some point during the applicable month.

**43A.3 Terms of CPM Designation**

**43A.3.1 SC Annual Plan Failure to Show Local Capacity Area Resources**

CPM Capacity designated under Section 43A.2.1.1 shall have a minimum commitment term of one (1) month and a maximum commitment term of one (1) year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

**43A.3.2 SC Month Plan Failure to Show Local Capacity Area Resources**

CPM Capacity designated under Section 43A.2.1.2 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

**43A.3.3 Annual Plan Collective LCA Resources Insufficient**

CPM Capacity designated under Section 43A.2.2 shall have a minimum commitment term of one (1) month and a maximum commitment term of one year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

**43A.3.4 SC Failure to Show Sufficient Resource Adequacy Resources**

CPM Capacity designated under Section 43A.2.3 shall: (a) have a minimum commitment term of one (1) month and a maximum commitment term equal to the maximum annual procurement period established by the Local Reliability Authority based on the period of the deficiency reflected in the annual Resource Adequacy Plan or (b) have a commitment term of one (1) month if the deficiency is in the monthly Resource Adequacy Plan. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

**43A.3.5 Term – CPM Significant Event**

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

CPM Capacity designated under Section 43A.2.4 shall have an initial term of thirty (30) days. If the CAISO determines that the CPM Significant Event is likely to extend beyond the thirty (30) day period, the CAISO may offer to extend the designation for another sixty (60) days. This offer of extension to the Scheduling Coordinator may be accepted or denied. If the Scheduling Coordinator declines an offer to extend the designation for an additional sixty (60) days, then the CAISO shall re-run the Intra-monthly CSP based on the existing offers. The Scheduling Coordinator for the resource declining an extension of the CPM designation shall be given the opportunity to provide an offer to that re-run Intra-monthly CSP, provided the offer is below the offer price at which its initial thirty (30) day designation was granted. If the Scheduling Coordinator accepts an offer to extend the designation for an additional sixty (60) days, then the CPM Capacity shall continue to be compensated on the same terms as it was during the initial thirty (30) day designation. During this additional sixty (60) day period, the CAISO will provide Market Participants with an opportunity to provide alternative solutions to meet the CAISO's operational and reliability needs in response to the CPM Significant Event, rather than rely on the CAISO's designation of capacity under the CPM. The CAISO shall consider and implement, if acceptable to the CAISO in accordance with Good Utility Practice, such alternative solutions provided by Market Participants in a timely manner. If Market Participants do not submit any alternatives to the designation of CPM capacity that are fully effective in addressing the deficiencies in Reliability Criteria resulting from CPM Significant Event, the CAISO shall extend the term of the designation under Section 43A.2.4 for the expected duration of the CPM Significant Event.

If the solutions offered by Market Participants are only partially effective in addressing the CAISO's operational and reliability needs resulting from the CPM Significant Event, the CAISO shall extend the designation under Section 43A.2.4 for the expected duration of the CPM Significant Event, but only as to the amount of CPM Capacity necessary to satisfy the CAISO's operational and reliability needs after taking into account the effective capacity provided by the alternative solution. If there is a reasonable alternative solution that fully resolves the CAISO's operational and reliability needs, the CAISO will not extend the designation under Section 43A.2.4.

**43A.3.6 Term – Exceptional Dispatch CPM**

The CAISO shall make an explicit determination for each initial Exceptional Dispatch CPM designation as

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

to whether it was necessary to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need. Exceptional Dispatch CPM Capacity designated under Section 43A.2.5 for an Exceptional Dispatch CPM System Reliability Need shall have an Exceptional Dispatch CPM Term of thirty (30) days. If the CAISO determines that the circumstances that led to the Exceptional Dispatch are likely to extend beyond the initial thirty (30) day period, the CAISO shall issue an Exceptional Dispatch CPM or other CPM designation for an additional thirty (30) days.

Exceptional Dispatch CPM Capacity designated under Section 43A.2.5 for an Exceptional Dispatch CPM Non-System Reliability Need shall have an Exceptional Dispatch CPM Term of sixty (60) days. If the CAISO determines that the circumstances that led to the Exceptional Dispatch are likely to extend beyond the initial sixty (60) day period, the CAISO shall issue an Exceptional Dispatch CPM or other CPM designation for an additional sixty (60) days.

**43A.3.7 [Not Used]**

**43A.3.8 Term – Flexible Capacity CPM Designation**

- (a) **Annual Plan.** A Flexible Capacity CPM designation under Section 43A.2.7 for the failure to show sufficient Flexible RA Capacity in an annual Flexible RA Capacity Plan shall have a minimum commitment term of one month and a maximum commitment term of one year, based on the period(s) of overall shortage reflected in the annual plans. The term of a Flexible Capacity CPM designation under this Section must begin and end during the same calendar year.
- (b) **Monthly Plan.** A Flexible Capacity CPM designation under Section 43A.2.7 for the failure to show sufficient Flexible RA Capacity in a monthly Flexible RA Capacity Plan shall have a commitment term of one month. The term of a Flexible Capacity CPM designation under this Section must begin and end during the same calendar month.

**43A.4 Selection of Eligible Capacity Under the CPM through Competitive Solicitation Processes (CSP) and General Eligibility Rules**

In accordance with Good Utility Practice, the CAISO shall designate and compensate Eligible Capacity as CPM Capacity based on the results of either the Annual CSP, the Monthly CSP, or the Intra-monthly

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

CSP.

The CAISO shall designate CPM Capacity through the Annual CSP to meet designations triggered under sections 43A.2.1.1, 43A.2.2, or 43A.2.3 (if the failure is to demonstrate sufficient Resource Adequacy capacity in an annual Resource Adequacy Plan), and 43A.2.7(a) (if the failure is to demonstrate sufficient Flexible Resource Adequacy capacity in an annual Flexible Resource Adequacy Plan).

The CAISO shall designate CPM Capacity through the Monthly CSP to meet designations triggered under sections 43A.2.1.2, 43A.2.3 (if the failure is to demonstrate sufficient Resource Adequacy capacity in a monthly Resource Adequacy Plan), or 43A.2.7(b) (if the failure is to demonstrate sufficient Flexible Resource Adequacy capacity in a monthly Flexible Resource Adequacy Plan).

The CAISO shall designate CPM Capacity through the Intra-monthly CSP to meet designations triggered under sections 43A.2.4 or 43A.2.5.

**43A.4.1 Offer Rules to the CSPs**

**43A.4.1.1 Price Component of a CSP Offer**

Offers of capacity to a CSP shall contain a single price denoted in units of \$/kW-month. The price offered into a CSP shall not be less than zero. Offer prices are subject to the CPM Soft Offer Cap of \$6.31/kW-month (\$75.68/kW-year). CPM Capacity shall not be compensated by the CAISO at a rate higher than the CPM Soft Offer Cap unless a Resource Owner of Eligible Capacity makes the required resource-specific cost filing with FERC pursuant to Section 43A.4.1.1.1.

**43A.4.1.1.1 Exceeding CPM Soft Offer Cap through a Resource-Specific Cost Filing with FERC**

A Scheduling Coordinator for a resource may offer a price in excess of the CPM Soft Offer Cap. The resource owner whose capacity is offered in excess of the CPM Soft Offer Cap must justify in a filing to FERC a price above the CPM Soft Offer Cap, which shall be determined in accordance with the following formula: fixed operation & maintenance costs, plus ad valorem taxes, plus insurance, provided such costs will be converted to a fixed \$/kW-year amount. For a resource whose sales are under FERC jurisdiction that is providing CPM Capacity to be compensated at a rate higher than the CPM Soft Offer Cap, the resource owner must make a limited resource-specific filing before FERC to determine the just and reasonable capacity price for the resource as calculated under this formula. The resource owner must serve its filing on the CAISO within five business days of submitting its filing to FERC.

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

If the sales from the resource are not under the jurisdiction of FERC, the resource owner shall make a non-jurisdictional filing with FERC to determine the just and reasonable capacity price for the going forward costs for the resource as calculated in accordance with the following formula: fixed operation and maintenance costs, plus ad valorem taxes, plus insurance, provided such costs will be converted to a fixed \$/kW-year amount. The resource owner must serve its filing on the CAISO within five business days of submitting its filing to FERC.

A resource owner may make a cost justification filing at FERC either before it offers a resource into the competitive solicitation process or after having capacity designated as CPM Capacity. If the resource owner has not made the cost justification filing before the capacity was designated as CPM Capacity, then the resource owner must make its cost justification filing with FERC within 30 days of the CPM designation. If the resource owner fails to make such cost justification filing within 30 days, then the CAISO shall deem the effective CPM Capacity price for the resource to be the CPM Soft Offer Cap. The resource owner may not propose – and shall not be compensated based upon – an offer price higher than the price submitted in its bid to the CAISO for the designated capacity.

A FERC-approved resource-specific CPM Capacity price shall remain in effect for the remainder of the calendar year in which it is approved and for the subsequent two calendar years, unless superseded by a subsequent FERC-approved CPM Capacity price during that period. Although a FERC-approved resource-specific CPM Capacity price will be denoted in units of \$/kW-year, that \$/kW-year figure will be divided by 12 so that compensation will be in terms of \$/kW-month.

A resource that has obtained the appropriate FERC authorization in response to the cost justification filing described in this Section 43A.4.1.1.1 for a rate higher than the CPM Soft Offer Cap is not precluded from submitting a bid into the competitive solicitation process that is below the FERC-authorized rate and, if selected pursuant to such a bid, will be compensated based on that lower bid.

**43A.4.1.1.2 Periodic Updates to the CPM Soft Offer Cap**

For the purposes of this Section 43A.4.1.1.2, the reference resource shall be a merchant-constructed mid-cost, 550 MW combined cycle with duct firing or similar advanced combined cycle resource.

The CAISO shall open a stakeholder process at least every four years to consider updating the CPM Soft Offer Cap. If the CEC has posted a new draft of its Cost of Generation Study and Model (or similar study

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

or model) that includes results for the reference resource in the forty-six months since the last draft of the Cost of Generation Study and Model (or similar study or model) was published, then the stakeholder process will commence within 10 days of that posting. If the CEC has not posted draft results within that 46-month period, then the CAISO shall commence the stakeholder process by the end of that four-year review period and administer or commission a study of the levelized going-forward fixed costs of the reference resource. The CAISO shall use its best efforts to complete the stakeholder process within six (6) months of its commencement.

The stakeholder process shall consider whether the CPM Soft Offer Cap adequately reflects 120% of the levelized going-forward fixed costs of the reference resource at the time of the stakeholder initiative. The basis of such consideration shall be the final results from the CEC Cost of Generation Study and Model (or similar study or model). If final results are not available for use in the stakeholder initiative, then the CAISO shall use published draft results. If there are no final or draft CEC study results available, then the CAISO shall use the results of a study it administered or commissioned of the levelized going-forward fixed costs of the reference resource.

The stakeholder process also may consider, but would not reassess automatically, either what resource serves as the reference resource, the components of fixed costs that are considered in setting the CPM Soft Offer Cap, or the use of a 20% adder to costs to set the CPM Soft Offer Cap.

If the CAISO has determined through the stakeholder initiative that the value of the CPM Soft Offer Cap warrants amendment, then, subject to any necessary action(s) by the CAISO Governing Board, the CAISO shall petition FERC under section 205 of the Federal Power Act to change the CPM Soft Offer Cap.

If the CAISO, through that section 205 filing, does not alter either the reference resource, the components of fixed costs that are considered in setting the CPM Soft Offer Cap, or the use of a 20% adder to costs to set the CPM Soft Offer Cap, then any party that wishes to challenge the CAISO's retention of those elements of the CPM Soft Offer Cap shall bear the burden of showing that maintaining the unaltered element would be unjust, unreasonable, unduly discriminatory or preferential, or otherwise contrary to law.

**43A.4.1.2 Quantity Component of a CSP Offer**

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Offers to a CSP shall contain a single quantity denoted in units of kW-month representing the quantity of capacity being offered as RA Capacity and a single quantity denoted in units of kW-month representing the quantity of capacity being offered as Flexible RA Capacity. The entire quantity of capacity included in a Scheduling Coordinator's offer must be capacity over which the Scheduling Coordinator either: (1) holds ownership or contractual rights to offer into a CSP; or (2) has been authorized to offer into a CSP by the entity that holds ownership or contractual rights to that capacity.

The quantity of capacity offered into a CSP from a generating resource located outside the CAISO Balancing Authority Area shall not exceed the lesser of: (1) the Pmax of the resource providing the capacity; and (2) the allocated import capability held by the Scheduling Coordinator of the resource less any capacity of the resource that is Committed RA Capacity for the term covered by the CSP to which the capacity has been offered. If an offer is for both Flexible Capacity and RA Capacity and the resource receives an annual or monthly CPM designation for one type of capacity, then in any following CSPs that overlap in time with the CPM designation, the CAISO, on behalf of the resource, automatically will offer the non-designated type of RA capacity into the overlapping CSP(s) at \$0/kW-month up to the minimum of the amount available as non-RA capacity and the amount of capacity originally designated.

**43A.4.1.3 Exception to Offer Rules for Annual CSP – Different Prices for Different Months**

A Scheduling Coordinator for Eligible Capacity may offer into the Annual CSP varying prices in the form of \$/kW-month for different months of the Annual CSP if the Scheduling Coordinator wishes the CAISO to consider varying offer prices for individual months in the Annual CSP.

**43A.4.2 Administering the CSPs**

**43A.4.2.1 Identifying Effective Resources**

In making a CPM designation the CAISO shall first establish the minimum criteria needed to meet the requirements for the type of CPM to be issued to resolve the underlying reliability need. The CAISO shall then identify all resources with offers into the CSP that can meet the minimum criteria. In determining whether a particular resource can meet the minimum criteria, the CAISO shall consider how any known or scheduled outages on the resource during the potential CPM designation period would impact the resource's ability to meet the minimum criteria.

If there is insufficient capacity offered into the CSP to meet the minimum designation criteria, then the

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

CAISO shall evaluate whether any Eligible Capacity not offered into the CSP would allow the CAISO to meet the minimum designation criteria. If the CAISO must designate capacity not offered in to the CSP to meet the minimum designation criteria, then for the purposes of operating the CSP, the CAISO shall consider the offer price for any such capacity to be the CPM Soft Offer Cap. A resource whose capacity was not offered into the CSP but nevertheless is deemed necessary to meet the minimum designation criteria shall have the option to request from FERC a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1 or, in the case of a potential Exceptional Dispatch CPM, the resource's Scheduling Coordinator may decline the CPM designation and be paid under the supplemental revenues option pursuant to Section 39.10.

In the event that there is insufficient capacity to meet the minimum designation criteria from both resources offered into the CSP and resources not offered into the CSP, then the CAISO may reassess and lower the minimum criteria.

**43A.4.2.2 Minimizing the Overall Cost of Meeting the Reliability Need**

Once the CAISO has identified the pool of resources that can meet the designation criteria, the CAISO shall then designate Eligible Capacity from that pool of resources in order to minimize the overall cost of meeting the designation criteria. Aside from considering the respective offer prices from the Eligible Capacity, as part of this cost minimization the CAISO also may consider: the quantity of a resource's available Eligible Capacity, based on a resource's PMin, relative to the remaining amount of capacity needed; and the quantity of a resource's available Eligible Capacity, based on outages and substitute daily RA Capacity.

For a potential Exceptional Dispatch CPM, the CAISO also shall consider the overall costs to the CAISO of issuing the Exceptional Dispatch to RA Capacity rather than to Eligible Capacity. If the CAISO determines it would minimize overall costs to issue the Exceptional Dispatch to RA Capacity, then the CAISO shall issue the Exceptional Dispatch to RA Capacity and not designate Eligible Capacity as CPM Capacity to meet the designation criteria.

If capacity would receive a CPM designation based on the cost minimization criteria but the resource from which the capacity would be provided faces use limitations such that the capacity, in the CAISO's reasonable discretion, poses the risk of being unavailable to fully meet the reliability need creating the



California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

CPM event, then the CAISO may, at its reasonable discretion and giving due regard for meeting cost minimization considerations, not grant that capacity a CPM designation and instead grant the designation to the next-best capacity at meeting the CAISO cost minimization process defined in this Section

43A.4.2.2. In exercising this discretion, the CAISO shall not unduly discriminate against resources with use limitations.

Additionally, if capacity would receive a CPM designation based on the cost minimization criteria but the resource from which the capacity would be provided is already going to be RA Capacity at some point during the CPM designation period and, in the CAISO's reasonable discretion, poses the risk of the capacity being unavailable fully to meet the reliability need creating the need for a CPM designation, then the CAISO may, at its reasonable discretion and giving due regard for meeting cost minimization considerations, not grant that capacity a CPM designation and instead grant the designation to the next-best capacity at meeting the CAISO cost minimization process defined in this Section 43A.4.2.2.

**43A.4.2.3 Additional Permissible Considerations**

In either the Annual CSP or Monthly CSP, if two or more offers would meet the cost minimization criteria identified in Section 43A.4.2.2 equally, then the CAISO shall grant the designation in its discretion based on criteria A and B, below. In the Intra-monthly CSP, if two or more offers are within 10% of each other in terms of total cost to designate the capacity, then the CAISO shall grant the designation in its discretion based on criteria A and B, below.

*Criterion A* – Relative effectiveness of the resources in meeting local and/or zonal constraints or other ISO system needs.

*Criterion B* – Relative operating characteristics of the resources, including dispatchability, ramp rate, and load-following capability.

**43A.4.2.4 Timeline and Procedures for Annual CSP**

The CAISO shall conduct an initial offer period for the Annual CSP and an offer adjustment period for the Annual CSP according to the schedules published in the Business Practice Manual.

During the Annual CSP initial offer period Scheduling Coordinators shall have the opportunity to submit offers to the Annual CSP. Scheduling Coordinators submitting offers in the Annual CSP initial offer period that do not conform with the offer rules defined in Section 43A.4.1 shall have the opportunity to resubmit

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

offers during the Annual CSP initial offer period.

During the Annual CSP offer adjustment period, Scheduling Coordinators have the option to remove capacity that was offered in the Annual CSP initial offer period or lower the offer price of capacity that was offered in the Annual CSP initial offer period. If an offer is withdrawn during the Annual CSP offer adjustment period, the Scheduling Coordinator for Eligible Capacity must provide a reason for the withdrawal. This information will be used by the CAISO for tracking and market evaluation purposes only. After the Annual CSP offer adjustment period closes, the CAISO shall validate that capacity offered in the Annual CSP from a given resource is not on a Resource Adequacy Plan in any applicable month of the annual RA showing. As long as a resource has sufficient capacity between the relevant NQC or EFC and the amount shown on any Resource Adequacy Plan for any day for which it potentially would hold a CPM designation, this capacity is eligible to participate in the CSP. Upon completion of the validation process offers to the CSP cannot be removed or altered until after the Annual CSP is complete.

**43A.4.2.5 Timeline and Procedures for Monthly CSP**

The CAISO shall conduct an initial offer period for the Monthly CSP and an offer adjustment period for the Monthly CSP according to the schedules published in the Business Practice Manual.

During the Monthly CSP initial offer period Scheduling Coordinators shall have the opportunity to submit offers to the Monthly CSP. Scheduling Coordinators submitting offers in the Monthly CSP initial offer period that do not conform with the offer rules defined in Section 43A.4.1 shall have the opportunity to resubmit offers during the Monthly CSP initial offer period.

During the Monthly CSP offer adjustment period, Scheduling Coordinators have the option to remove capacity that was offered in the Monthly CSP initial offer period or lower the offer price of capacity that was offered in the Monthly CSP initial offer period. If an offer is withdrawn during the Monthly CSP offer adjustment period, the Scheduling Coordinator for Eligible Capacity must provide a reason for the withdrawal. This information will be used by the CAISO for tracking and market evaluation purposes only. After the Monthly CSP offer adjustment period closes, the CAISO shall validate that capacity offered in the Monthly CSP from a given resource is not Committed RA Capacity for that month. As long as a resource has sufficient capacity between the relevant NQC or EFC and the Committed RA Capacity amount for any day for which it potentially would hold a CPM designation, this capacity is eligible to

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

participate in the CSP. The Monthly CSP validation process shall not validate whether the resource was or was not shown with overlapping capacity in an Annual Resource Adequacy Plan. Upon completion of the validation process offers to the CSP cannot be removed or altered until after the Monthly CSP is complete.

**43A.4.2.6 Timeline and Procedures for Intra-monthly CSP**

The CAISO shall conduct an offer period for the Intra-monthly CSP according to the schedule published in the Business Practice Manual.

During the Intra-monthly CSP offer period Scheduling Coordinators shall have the opportunity to submit offers to the Intra-monthly CSP. Scheduling Coordinators submitting offers in the Intra-monthly CSP offer period that do not conform with the offer rules defined in Section 43A.4.1 shall have the opportunity to resubmit offers during the Intra-monthly CSP offer period.

After the Intra-monthly CSP offer period closes Scheduling Coordinators have the option to remove capacity that was offered in the Intra-monthly CSP offer period or lower the offer price of capacity that was offered in the Intra-monthly CSP offer period.

After the Intra-monthly CSP offer period closes, on a day that an Exceptional Dispatch CPM or Significant Event CPM would be made, any offers in the system will be locked through the assessment and designation period. The CAISO shall validate that capacity offered in the Intra-monthly CSP from a given resource is not Committed RA Capacity on the day that the CPM designation would begin. Where an Intra-monthly CSP would be conducted to grant an Exceptional Dispatch CPM, the offer price for any capacity offered from a resource that currently has Exceptional Dispatch CPM Capacity will be the offer price at which the existing Exceptional Dispatch CPM was granted. The CAISO will only grant an intra-monthly CPM to capacity that is not Committed RA Capacity on the day that the CPM designation would begin.

If an Exceptional Dispatch CPM is offered to a resource whose Scheduling Coordinator did not submit an offer to the Intra-monthly CSP, then the scheduling coordinator for that resource has 24 hours to reject the designation. If the resource rejects the designation, then the CAISO shall settle payments to the resource's Scheduling Coordinator under the supplemental revenues option per Section 39.10.

**43A.4.3 Designation Amount.**

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

While the CAISO does not have to designate the full capability of a resource, the CAISO may designate under the CPM an amount of CPM Capacity from a resource that exceeds the amount of capacity identified to ensure compliance with the Reliability Criteria set forth in Section 40.3 due to the PMin or other operational requirements/limits of a resource that has available capacity to provide CPM service. The CAISO shall not designate the capacity of a resource for an amount of capacity that is less than the resource's PMin.

**43A.4.3.1 Simultaneous Designations.**

In the event the CAISO determines that a CPM designation must be issued to resolve a collective deficiency of system RA Capacity under Section 43A.2.3 and that a Flexible Capacity CPM designation must be issued to resolve a cumulative deficiency of Flexible RA Capacity under Section 43A.2.7 for annual or monthly plans covering the same or overlapping time periods, the CAISO will apply the criteria in Section 43A.4.2 and endeavor to designate capacity that will be effective in resolving both underlying reliability needs –

- (1) If the MW amount of the simultaneous or overlapping designation is sufficient to resolve both underlying reliability needs, no further designation of CPM Capacity will be issued.
- (2) If the MW amount of the simultaneous or overlapping designation is not sufficient to resolve both underlying reliability needs, the CAISO may designate additional CPM Capacity to cover the remaining deficiency.

**43A.5 Obligations of a Resource Designated Under the CPM**

**43A.5.1 Availability Obligations.**

CPM Capacity shall be subject to all of the availability, dispatch, testing, reporting, verification and any other applicable requirements imposed under Section 40.6 or Section 40.10.6 as applicable to Resource Adequacy Resources identified in Resource Adequacy Plans and Flexible RA Capacity resources identified in Resource Flexible RA Capacity Plans. In accordance with those requirements, CPM Capacity designated under the CPM shall meet the Day-Ahead availability requirements specified in Section 40.6.1 and the Real-Time availability requirements of Section 40.6.2, and Flexible Capacity CPM shall meet the Day-Ahead and Real-Time availability requirements specified in Section 40.10.6.1.

If the CAISO has not received an Economic Bid or a Self-Schedule for CPM Capacity, the CAISO shall

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

utilize a Generated Bid in accordance with the procedures specified in Section 40.6.8. In addition to Energy Bids, resources designated under the CPM shall submit Ancillary Service Bids for their CPM Capacity to the extent that the resource is certified to provide the Ancillary Service.

**43A.5.2 Obligation to Provide Capacity and Termination**

The decision to accept a designation as CPM Capacity shall be voluntary for the Scheduling Coordinator for any resource. If the Scheduling Coordinator for a resource accepts a CPM designation, it shall be obligated to perform for the full quantity and full period of the designation with respect to the amount of CPM Capacity for which it has accepted a CPM designation. If the Scheduling Coordinator for a resource accepts a Flexible Capacity CPM designation, the resource shall be obligated to perform for the full quantity and full period of the designation, subject to the must-offer obligation in Section 40.10.6 that applies to the Flexible Capacity Category of the resource that was designated. If a Participating Generator's or Participating Load's Eligible Capacity is designated under the CPM after the Participating Generator or Participating Load has filed notice to terminate its Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement or withdraw the Eligible Capacity from its Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, and the Scheduling Coordinator for the resource agrees to provide service under the CPM, then the Scheduling Coordinator shall enter into a new Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, as applicable, with the CAISO.

**43A.5.3 Availability Obligations for Simultaneous Designations.**

To the extent a resource accepts simultaneous or overlapping designations as CPM Capacity and Flexible Capacity CPM under Section 43A.4.3, that resource shall be subject to the must-offer obligations for both designations.

**43A.5.4 Individualized Non-Availability Charges and Availability Incentive Payments**

The provisions of Section 40.9 applicable to Resource Adequacy Resources apply to CPM Capacity. Capacity accepting a designation as CPM Capacity will face a resource-specific Availability Incentive Mechanism Price under section 40.9.6. The resource-specific price will be the higher of: (a) the price that the resource was paid by the CAISO (\$/kW-month) as a result of receiving the designation; and (b) the

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

RA Availability Incentive Mechanism rate. Availability Incentive Mechanism payments to a resource designated under the CPM will be capped at the general Availability Incentive Mechanism rate.

For a resource requesting a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use that resource-specific CPM capacity price for calculating the Availability Incentive Mechanism only if that resource-specific CPM capacity price has been approved in time for inclusion on the Recalculation Settlement Statement T+70B. Otherwise, for resources that have sought a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use the CPM Soft Offer Cap price for calculating the Availability Incentive Mechanism price.

#### **43A.6 Reports**

The CAISO shall publish the following reports and notices.

##### **43A.6.1 CPM Designation Market Notice**

The CAISO shall issue a Market Notice within two (2) Business Days of a CPM designation under Sections 43A.2.1 through 43A.2.6. CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.11.4. The Market Notice shall include a preliminary description of what caused the CPM designation, the name of the resource(s) procured, the preliminary expected duration of the CPM designation, the initial designation period, and an indication that a designation report is being prepared in accordance with Section 43A.6.2. For Exceptional Dispatch CPM designations, the market notice shall additionally indicate whether the designation was made to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need, specify the quantity of the Exceptional Dispatch CPM capacity that was procured and the Exceptional Dispatch CPM Term, and identify the engineering assessment the CAISO used to determine the quantity of capacity needed from the resource to address the reliability issue.

##### **43A.6.2 Designation of a Resource Under the CPM**

The CAISO shall post a designation report to the CAISO Website and provide a Market Notice of the availability of the report within the earlier of thirty (30) days of procuring a resource under Sections 43A.2.1 through 43A.2.6 or ten (10) days after the end of the month; provided that if the CAISO makes a CPM designation under Sections 43A.2.1.1, 43A.2.1.2, 43A.2.2.2, 43A.2.3, 43A.2.4 or 43A.2.7 that takes effect on the first day of the succeeding month, the CAISO will post the designation report by the earlier of

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

30 days after the CAISO selects the resource it will be designating or the tenth day of the month in which the designation takes effect. The designation report shall include the following information:

- (1) A description of the reason for the designation (LSE procurement shortfall, Local Capacity Area Resource effectiveness deficiency, or CPM Significant Event), and an explanation of why it was necessary for the CAISO to utilize the CPM authority);
- (2) The following information would be reported for all backstop designations:
  - (a) the resource name;
  - (b) the amount of CPM Capacity or Flexible Capacity CPM designated (MW),
  - (c) an explanation of why that amount of CPM Capacity or Flexible Capacity CPM was designated,
  - (d) the date CPM Capacity was designated,
  - (e) the duration of the designation; and
  - (f) the accepted offer price of the resource, or if the resource has a request pending with FERC to exceed the CPM Soft Offer Cap, then the CPM Soft Offer Cap along with a notation that the resource has a pending request with FERC to be compensated above the CPM Soft Offer Cap.
- (3) If the reason for the designation is a CPM Significant Event, the CAISO will also include:
  - (a) a discussion of the event or events that have occurred, why the CAISO has procured CPM Capacity, and how much has been procured;
  - (b) an assessment of the expected duration of the CPM Significant Event;
  - (c) the duration of the initial designation (thirty (30) days); and
  - (d) a statement as to whether the initial designation has been extended (such that the backstop procurement is now for more than thirty (30) days), and, if it has been extended, the length of the extension.
- (4) If the reason for the designation is Exceptional Dispatch CPM Capacity, the CAISO will also include additional information about the CAISO's determination of the quantity and term of the designation, which supplements the information included in the market notice issued pursuant to Section 43A.6.1.

**43A.6.3 Non-Market and Repeated Market Commitment of Non-RA Capacity**

Within ten (10) calendar days after the end of each month, the CAISO shall post a report to the CAISO Website that identifies for the prior month:

- (1) Any non-market commitments of non-Resource Adequacy Capacity (irrespective of whether the capacity comes from a resource that has no Resource Adequacy obligation or has a pre-existing partial Resource Adequacy commitment); and
- (2) All market commitments of non-Resource Adequacy Capacity.

The CAISO will provide a Market Notice of the availability of this report. The report will not include commitments of RMR Generation capacity, Resource Adequacy Capacity or designated CPM Capacity.

The report shall include the following information:

- (a) the name of the resource;
- (b) the IOU Service Area and Local Capacity Area (if applicable);
- (c) the maximum capacity committed in response to the event (MW);
- (d) how capacity was procured (for example, by RUC or Exceptional Dispatch);
- (e) the reason capacity was committed; and
- (f) information as to whether or not all Resource Adequacy Resources and previously-designated CPM Capacity were used first and, if not, why they were not.

**43A.6.4 Publication of Offers Submitted to the Competitive Solicitation Process**

The CAISO shall publish all final offers into a CSP on a rolling quarterly basis with a five-quarter-delay. Published information shall include: (a) technology or fuel type of the resource; (b) kW-month of capacity offered; (c) for Annual and Monthly CSPs, capacity type offered (i.e., flexible, RA, or both); (d) CSP into which the capacity was offered; and (e) flexible capacity category, if applicable. Published information shall not include the identity of the party offering capacity into a CSP. If fewer than three resources of a particular technology or fuel type have offered into a CSP, then the CAISO shall consolidate reporting for multiple technology or fuel types.

**43A.7 Payments to Capacity Designated Under the CPM**

**43A.7.1. Calculation of Monthly CPM Capacity Payment**

Scheduling Coordinators representing resources receiving payment for a CPM designation shall receive a



California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

monthly CPM Capacity Payment for each month of CPM designation equal to the product of the kW-month of designated CPM Capacity and the CPM Capacity price per kW-month (based on the capacity's CSP bid, the CPM Soft Offer Cap, or the resource-specific CPM rate authorized by FERC, as applicable), with a deduction pro-rated for days the capacity was Committed RA Capacity other than CPM Capacity. Provided, however, that CPM Capacity designated to respond to a CPM Significant Event or an Exceptional Dispatch CPM shall receive payment based proportionately on the actual number of days the resource was designated as CPM Capacity during the month to the total number of days in the month.

**43A.7.2 Payments for Overlapping CPM Designations to the Same Resource**

For the purpose of this Section 43A.7.2, a MW of capacity holds an overlapping obligation if that MW has a flexible RA obligation and another form of RA obligation. If a resource accepts separate CPM designations resulting in overlapping obligations, then the MW amount of the CPM capacity payments for the period the designations overlap shall be the higher of: (a) the higher MW amount of either designation; or (b) the quantity of Flexible Capacity CPM plus the quantity of capacity, if any, below the resource's PMin that is ineligible to count toward the resource's EFC per Section 40.10.4.1(a)(1). The resource shall not be provided with two CPM payments for the same capacity.

**43A.7.3 Market Payments**

In addition to the CPM Capacity Payment identified in Section 43A.7, CPM resources, including Flexible Capacity CPM resources, shall be entitled to retain any revenues received as a result of their selection in the CAISO Markets, provided, however, that CPM resources required to participate in the RUC process will be optimized using a zero (\$0) dollar RUC Availability Bid and are not eligible to receive compensation through the RUC process.

**43A.8 Allocation of CPM Capacity Payment Costs**

For each month, the CAISO shall allocate the costs of CPM Capacity Payments made pursuant to Section 43A.7 as follows:

**43A.8.1 LSE or CPE Shortage of Local Capacity Area Resources in Annual Plan**

If the CAISO makes CPM designations under Section 43A.2.1.1 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE or CPE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its annual Resource

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE or CPE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area. The Local Capacity Area Resource Deficiency under this Section shall be computed on a monthly basis and the CPM Capacity Payments allocated based on deficiencies during the month(s) covered by the CPM designation(s).

**43A.8.2 LSE or CPE Shortage of Local Capacity Area Resources in Month Plan**

If the CAISO makes CPM designations under Section 43A.2.1.2 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE or CPE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its monthly Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE or CPE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area.

**43A.8.3 Collective Deficiency in Local Capacity Area Resources**

If the CAISO makes designations under Section 43A.2.2 the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs serving Load in the TAC Area(s) in which the deficient Local Capacity Area was located. The allocation will be based on the Scheduling Coordinators' proportionate share of Gross Load in such TAC Area(s) as determined in accordance with Section 40.3.2, excluding Scheduling Coordinators for LSEs that procured additional capacity in accordance with Section 43A.2.1.2 on a proportionate basis, to the extent of their additional procurement. The CAISO shall not allocate the costs of designations under Section 43A.2.2 to a Scheduling Coordinator for a CPE in its role serving as such Scheduling Coordinator; provided, however, if a Scheduling Coordinator represents both a LSE and CPE, then the CAISO shall allocate the costs of designations under Section 43A.2.2 to the Scheduling Coordinator based on the LSE's proportionate share of Gross Load in the relevant TAC Area, as described above in this Section 43A.8.3.

**43A.8.4 LSE Shortage of Demand or Reserve Margin Requirement in Plan**

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

If the CAISO makes CPM designations under Section 43A.2.3, then the CAISO will allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each LSE based on the proportion of its deficiency to the aggregate deficiency.

**43A.8.5 Allocation of CPM Significant Event Costs**

If the CAISO makes any CPM Significant Event designations under Section 43A.2.4, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the CPM Significant Event caused or threatened to cause a failure to meet Reliability Criteria based on the percentage of actual Gross Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Gross Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

**43A.8.6 Allocation of Exceptional Dispatch CPMs**

If the CAISO makes any Exceptional Dispatch CPM designations under Section 43A.2.5, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the need for the Exceptional Dispatch CPM arose based on the percentage of actual Gross Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Gross Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

**43A.8.7 [Not Used]**

**43A.8.8 Allocation of Flexible Capacity CPM Costs**

(a) **Calculation of Deficiency by LRA.**

- (1) The CAISO will determine whether each Local Regulatory Authority met its allocable share of the Flexible Capacity Need based on the cumulative amount of Flexible RA Capacity that Local Regulatory Authority's jurisdictional Load Serving Entities included in their annual and monthly Flexible RA Capacity Plans in total, and included in their monthly Flexible RA Capacity Plans for each Flexible Capacity Category.

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

(2) The CAISO will calculate the total amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans collectively for all Load Serving Entities within the Local Regulatory Authority, and the total amount included in the monthly Flexible RA Capacity Plans for each Flexible Capacity Category using the minimum or maximum quantity, as applicable, for each category, and using the Effective Flexible Capacity value calculated under Section 40.10.4 for each resource designated in a plan as a Flexible RA Capacity Resource.

(b) **Allocation by CAISO Method.**

(1) If the amount of Flexible RA Capacity the jurisdictional Load Serving Entities included in their annual Flexible RA Capacity Plans or monthly Flexible RA Capacity Plans, in total and in each Flexible Capacity Category, meets or exceeds the applicable Flexible Capacity Need allocated to their Local Regulatory Authority, the CAISO will not allocate any of the Flexible Capacity CPM costs to the Scheduling Coordinators for those Load Serving Entities.

(2) If the amount of Flexible RA Capacity the jurisdictional Load Serving Entities included in their annual Flexible RA Capacity Plans or monthly Flexible RA Capacity Plans, either in total or for a Flexible Capacity Category, is less than the applicable Flexible Capacity Need allocated to their Local Regulatory Authority, and that Local Authority has not established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities, the CAISO will allocate the Flexible Capacity CPM costs proportionately to the Scheduling Coordinator of each jurisdictional Load Serving Entity that failed to meet its procurement obligation.

(c) **Allocation by Local Regulatory Authority Method.** If Load Serving Entities jurisdictional to a Local Regulatory Authority have a cumulative deficiency under Section 43A.8.8(a) and the Local Regulatory Authority has established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities, the CAISO will use the Local Regulatory Authority's methodology to allocate the Flexible

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Capacity CPM costs to the Scheduling Coordinator of each Load Serving Entity that is jurisdictional to that Local Regulatory Authority and that failed to meet its procurement obligation. If the Local Regulatory Authority does not notify the CAISO of its allocation method by the deadline established in the relevant Business Practice Manual, then the CAISO allocates Flexible Capacity CPM costs using its default allocation methodology under Section 43A.8.8(b)(2).

- (d) **Reduction of Cost Allocation.** If the CAISO issues a Flexible Capacity CPM designation, a Scheduling Coordinator for a Load Serving Entity that was deficient, but provided additional Flexible RA Capacity in a revised annual or monthly Flexible RA Capacity Plan consistent with the Market Notice under Section 43A.2.7.1 –
- (1) will be not be allocated a share of the Flexible Capacity CPM procurement costs if the additional Flexible RA Capacity included in that LSE's revised LSE Flexible RA Capacity Plan resolved the total deficiency of that Load Serving Entity; or
  - (2) will be allocated a share of the Flexible Capacity CPM procurement costs on a proportionate basis to the extent that Load Serving Entity has a remaining partial deficiency.

**43A.9 Crediting of CPM Capacity**

The CAISO shall credit CPM designations to the resource adequacy obligations of Scheduling Coordinators for Load Serving Entities and CPEs as follows:

- (a) To the extent the cost of CPM designation under Section 43A.2.1.1 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.1, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards (1) the LSE's Local Capacity Area Resource obligation under Section 40.3.2 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1 and (2) the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1.

To the extent the cost of CPM designation under Section 43A.2.1.1 is allocated to a

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

Scheduling Coordinator on behalf of a CPE under Section 43A.8.1, the CAISO shall provide the Scheduling Coordinator on behalf of the CPE and the Scheduling Coordinators on behalf of the LSEs represented by the CPE, for the term of the designation, credit towards Local Capacity Area Resource obligations under Section 40.3.2 and Demand and Reserve Margin requirements determined under Section 40 based on allocations provided by the CPE's LRA. The total credits allocated by the LRA towards Local Capacity Area Resource obligations cannot exceed the CPE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1. The total credits allocated by the LRA towards Demand and Reserve Margin requirements cannot exceed the CPE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1. If the total LRA-provided credits toward Local Capacity Area Resource obligations or toward Demand and Reserve Margin requirements exceed the CPE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1, or if the LRA fails to notify the CAISO of its desired allocation of credits by the deadline established in the Business Practice Manual, then the CAISO will credit the Scheduling Coordinator on behalf of the CPE, for the term of the designation, credit towards the CPE's Local Capacity Area Resource obligation under Section 40.3.2 in an amount equal to the CPE's pro rata share of the CPM Capacity designated under Section 43A.2.1.1 and the CAISO will credit the Scheduling Coordinators on behalf of the LSEs represented by the CPE, for the term of the designation, the LSEs' Demand and Reserve Margin requirements determined under Section 40 based on the proportions provided by the relevant Local Regulatory Authority under Section 40.3.2(d).

- (b) To the extent the cost of CAISO designation under Section 43A.2.2 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.3, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43A.2.2.

California Independent System Operator Corporation  
Fifth Replacement Electronic Tariff

- (c) To the extent the cost of CPM designation under Section 43A.2.3 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.4, and the designation is for greater than one month under Section 43A.3.4, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43A.2.3.
- (d) The credit provided in this Section shall be used for determining the need for the additional designation of CPM Capacity under Section 43A.2 and for allocation of CPM costs under Section 43A.8.
- (e) For each Scheduling Coordinator that is provided credit pursuant to this Section, the CAISO shall provide information, including the quantity of capacity procured in MW, necessary to allow the CPUC, other Local Regulatory Authority, or federal agency with jurisdiction over the LSE or CPE on whose behalf the credit was provided to determine whether the LSE or CPE should receive credit toward its resource adequacy requirements adopted by such agencies or authorities.
- (f) To the extent the cost of Flexible Capacity CPM designation under Section 43A.2.7 is allocated to a Scheduling Coordinator for an LSE under Section 43A.8.8, and the designation is for greater than one month under Section 43A.3.8, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Flexible Capacity requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the Flexible Capacity CPM designated under Section 43A.2.7.

**43A.10 [Not Used]**