July 29, 2011

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. ER11- ___-000  
Generated Bids and Outage Reporting for Non-Resource Specific System Resources with Resource Adequacy Contracts

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) hereby submits for filing a proposed amendment to its tariff to provide for generated bids and outage reporting for non-resource-specific system resources with resource adequacy contracts (“NRS-RA resources”).\(^1\) This amendment addresses issues identified for future resolution in the Commission’s orders approving the ISO’s standard capacity product.\(^2\) The amendment also addresses the application of the standard capacity product to NSR-RA resources and the treatment of resource adequacy resources with “subset of hours” contracts\(^3\), which are other issues that have come to light during the stakeholder process pertaining to these resources. The ISO requests an effective date of January 1, 2012

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\(^1\) This filing is submitted pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d and 18 C.F.R. § 35.15.


\(^3\) A subset of hours contract is a contract between a load serving entity and an NRS-RA resource that requires the resource to make resource adequacy capacity available to the ISO on designated days and/or during a specified number of hours, less than seven day a week, twenty-four hours a day.
I. SUMMARY

Under the ISO’s resource adequacy program, a load serving entity can meet all or part of its resource adequacy obligations with capacity provided by a resource or resources outside of the ISO’s Balancing Authority Area, known as “system resources.” System resources need not be resource-specific, i.e., the capacity could come from one or several generating resources external to the ISO. Like other resources with resource adequacy contracts (with certain exceptions), NRS-RA resources have an obligation to bid the full contracted capacity into the day-ahead market.

Under the ISO tariff, the ISO submits bids on behalf of resource adequacy resources with offer obligations in the event that they fail to meet their obligation to offer their contracted capacity into the market. In addition, the tariff requires the ISO to assign an availability target to RA resources, which are subject to incentives or penalties for exceeding or failing to achieve the target availability, respectively. Because the ISO lacks cost data and actual availability data regarding the specific resource providing capacity as part of an NRS-RA resource, the determination of a target availability and of a generated bid for NRS-RA resources has been problematic. The amendment addresses these and related issues.

First, the amendment offers scheduling coordinators for NRS-RA resources a choice of three calculation methodologies for their generated bids: (1) a price taker bid that would be set to an estimate of the per-MWh grid management charge; (2) a bid calculated using a locational marginal price-based calculation; or (3) a negotiated bid. If the scheduling coordinator for the NRS-RA resource chooses the LMP-based bid option, the scheduling coordinator must either submit a negotiated bid value or elect the price taker bid to be used as a “back-up” in the event that the feasibility test fails for the LMP-based bid option due to lack of sufficient data.

In the event that a scheduling coordinator for an NRS-RA resource submits a bid into the day-ahead market that is less than the full capacity specified in the resource’s supply plan, under the amendment the ISO would extend the last segment of the resource’s energy bid curve out to the full resource adequacy capacity. This is consistent with the treatment applied to internal generators that provide resource adequacy capacity.

Second, in response to the Commission’s previous determination that a 100% availability requirement for NRS-RA resources is not just and reasonable, the ISO proposes an availability standard for NRS-RA resources that takes outages into account. Under the proposed amendment, the ISO will accept explanations of generation or transmission circumstances leading to a NRA-RA resource’s capacity being unavailable to meet the resource’s must-offer
obligation. The ISO will use the outage information in determining whether to insert a generated bid for the resource and to calculate the resource's availability under the standard capacity product.

Third, the ISO is proposing new requirements for reporting the availability of NRS-RA resources (as discussed above) and a new availability assessment methodology that is equivalent to that used for internal resource adequacy resources. Under the current ISO software, the ISO cannot measure the availability of NRS-RA resources based on outage information; instead, the ISO measures availability by the extent to which an NRS-RA resource bids its resource adequacy capacity into the market. Once the ISO implements the functionality to insert generated bids on behalf of NRS-RA resources, this measure of availability will no longer be meaningful.

Fourth, the ISO currently inserts generated bids on behalf of all resource adequacy resources with offer obligations (with the current exception of NRS-RA resources) as if they had contracted to provide that capacity seven days a week, twenty-four hours a day. Some resource adequacy contracts, however, require the availability of capacity only for a subset of those hours. The ISO proposes to insert generated bids for NRS-RA resources (if the scheduling coordinator for the resource adequacy resource fails to bid the resource) only for the hours specified in the resource adequacy contractual arrangement.

II. BACKGROUND AND STAKEHOLDER PROCESS

The ISO implemented the resource adequacy program to ensure that adequate resources would be available when and where needed to serve load, meet appropriate reserve requirements, and support reliable operation of the ISO Controlled Grid. As the resource adequacy program has evolved, participants identified a need to develop a standard capacity product to facilitate the selling, buying and trading of capacity to meet resource adequacy requirements. The ISO also concluded that a standard capacity product, with appropriate availability requirements and incentives, would enhance the ability of the ISO to ensure reliable grid operations.

Accordingly, on April 28, 2009, the ISO filed a tariff amendment to implement a resource adequacy standard capacity product (as well as an ancillary service must-offer obligation of resource adequacy resources). The Commission’s order on the filing accepted the ISO’s proposal, with certain exceptions. Relevant to this filing, the Commission ruled that the ISO had not shown that its proposed 100 percent availability standard was just and reasonable for NRS-RA imports. In particular, the Commission noted commenters’ concerns that non-resource specific imports could be subject to transmission outages at the interties, or constrained generation and transmission resources beyond such ties, which could prevent imports from meeting the 100 percent availability standard. It directed the ISO to submit a revised availability
standard proposal with regard to non-resource-specific imports within 45 days of
the date of the order.\textsuperscript{4} Also relevant here, the Commission noted concerns that
the ISO software was not currently generating bids for system resources
providing resource adequacy capacity at the interties. The Commission stated
that the ISO should be submitting generated bids for non-bidding resource
adequacy capacity at the interties if it is not already doing so, but that a tariff
change would not be required to make this clear. It directed the ISO, to the
extent that it had not been submitting such generated bids, to do so as soon as
possible.\textsuperscript{5}

On August 10, 2009, the ISO submitted its compliance filing, which
included, \textit{inter alia}, a revised proposal for determining the availability standard for
NSR-RA imports. The ISO proposed to hold non-resource-specific system
imports to the same availability standard as in-area resources until the ISO had
developed performance data on these system imports. The ISO explained that it
did not, at that time, have sufficient data to support a specific availability category
for non-resource-specific imports and that, for the same reason, it would not
include actual availability data from NSR-RA resources in determining the
resource adequacy fleet average. The ISO stated that after the 2010 compliance
year, it will evaluate the availability of the non-resource-specific imports to
determine appropriate availability standards.\textsuperscript{6} The Commission found the
proposal to be an acceptable interim solution in the absence of adequate data on
non-resource-specific imports. The Commission also accepted the ISO’s
proposal to: (1) allow imports to substitute internal resources to provide energy
at a given scheduling point; (2) exclude resource adequacy capacity offered into
the ISO’s market, but not accepted by the ISO, from a resource’s availability
calculation; and (3) exclude hours in which a resource is prohibited from bidding
across an out-of-service transmission path from that resource’s availability
calculation.

The ISO began a stakeholder process regarding generated bids and
outage reporting for NRS-RA resources with an issue paper dated December 18,
2009. The ISO conducted a stakeholder conference call on December 30, 2009,
and solicited stakeholder comments. Following review of the comments, the ISO
issued a straw proposal on January 19, 2010, and followed up with a stakeholder
conference call and another round of comments.

The stakeholder process and further analysis led to the conclusion that the
process should address two additional issues: how to apply the standard

\textsuperscript{4} SCP Order at PP 26-27.

\textsuperscript{5} \textit{Id.} at PP 130, 133.

capacity product to NRS-RA resources and how to consider “subset-of-hours” contracts. On April 5, 2010, the ISO issued a revised straw proposal that addressed the former issue. The ISO discussed the latter issue in an addendum to the revised straw proposal that was issued on April 18, 2010. The revised straw proposal was the subject of a May 10, 2010, stakeholder conference call.

After receipt of comments, the ISO issued a draft final proposal on June 9, 2010, held a conference call on June 16, 2010, and solicited additional comments.

The ISO Board of Governors approved the proposed amendment on July 26, 2010. The memorandum that the ISO management presented to the Board is attached as Attachment C.

Following approval by the Board, the ISO did not immediately proceed with filing the tariff amendment because the functionality for generating bids for the NRS-RA resources and handling the subset-of-hours issue will not be in place until January 1, 2012. The ISO posted draft tariff language on July 21, 2011, and discussed it with stakeholders in a conference call on July 27, 2011.

III. PROPOSAL

A. Determination of a Generated Bid

NRS-RA resources have the obligation to offer into the integrated forward market. If an NRS-RA resource fails to meet that obligation, the ISO systems will submit a cost-based generated bid on behalf of the scheduling coordinator for that resource adequacy capacity. Because non-resource specific resources have no obvious cost basis, the ISO proposes to offer the scheduling coordinator a choice among three methodologies for calculation of the generated bids:

1. A price taker bid that would be set to an estimate of the per-MWh grid management charge;

2. A bid calculated using the locational marginal price (LMP) -based calculation analogous to that used for default energy bids for internal generators. Under this method the bid is calculated as the weighted average of the lowest quartile of locational marginal prices in periods during which the resource was dispatched during the preceding 90 days; or

3. A negotiated bid, the development of which would parallel that for calculating default energy bids for internal generators. Under this method, scheduling coordinators submit a proposed default energy bid along with supporting information and documentation to justify the bid level.
Under this proposal, if the scheduling coordinator chooses the LMP-based bid option, it must also submit a negotiated bid value or elect the price taker bid to be used as a “back-up” in the event that the feasibility test fails for the LMP-based bid option due to lack of sufficient data.

Some stakeholders expressed some concerns about using 90 days of data to calculate the LMP-based option, stating that energy prices vary greatly over that period, and that the LMP-based generated bid can therefore be out of line with contemporary market conditions. The proposal addresses this concern by providing the other two options for market participants unwilling to accept this risk.

The ISO does not propose a limit on the frequency with which a schedule coordinator can change its selection among the three proposed generated bid options but, based on experience with internal resources, the ISO anticipates that changes will be infrequent. If, in the future, changes become too frequent for the ISO to manage with reasonable procedures, the ISO may consider adopting a limit on the frequency of changes in the selected preference for generated bids.

The ISO also proposes that, in the event that a NRS-RA resource submits a bid into the day-ahead market for less than the full capacity specified in the resource’s supply plan, the ISO will extend the last segment of the resource’s energy bid curve out to the full resource adequacy capacity. This is consistent with the treatment applied to internal generators that provide resource adequacy capacity.

B. Reporting of Unavailability

To replace the availability standard that the Commission approved on an interim basis, the ISO proposes an availability standard for NRS-RA resources that takes outages into account. The ISO will accept explanations of generation or transmission circumstances leading to a NRS-RA resource being unavailable to meet its resource adequacy must-offer obligation. NRS-RA resources must submit notice of such unavailability to the ISO through the outage-reporting interface currently used by resource-specific resources. Further, these resources must provide information explaining the reasons for such unavailability in the same manner that resource-specific resources are required to do under the current tariff provisions.

The ISO will use the outage information the ISO receives on NRS-RA resources to inform the market software not to insert bids for those resources for outage hours in the day-ahead market if the outage data are submitted prior to 10:00 a.m. on the trade day. This information will also be used to calculate the resource’s availability under the standard capacity product.
C. Considerations for Standard Capacity Product

Currently, the ISO calculates standard capacity product availability of resource adequacy resources that are internal to the ISO and resource-specific resource adequacy system resources based on the resource’s level of forced outages and temperature-related ambient derates in a given month. Under the current ISO software, the ISO cannot measure the availability of NRS-RA resources based on outage information; instead, the ISO measures availability by the extent to which an NRS-RA resource bids its resource adequacy capacity into the market. Once the ISO implements the functionality to insert generated bids on behalf of NRS-RA resources, this measure of availability will no longer be meaningful. Therefore, the ISO is proposing new requirements for reporting the availability of NRS-RA resources and a new availability assessment methodology that is equivalent to that used for internal resource adequacy resources. These new measures include the following:

1. The ISO will determine an NRS-RA resource to be less than 100 percent available in a given month if it has reported outages or derates that have an impact on the availability of the resource during the availability assessment hours of that month;

2. The monthly availability of an NRS-RA resource will be equal to the sum of the hourly available resource adequacy capacity of the resource in the availability assessment hours of the month divided by the sum of the hourly resource adequacy capacity for those hours;

3. The ISO will apply the same availability standard to NRS-RA resources as it applies to internal resource adequacy capacity until such time as sufficient data are available to tailor an availability standard specifically for NRS-RA resources;

4. The ISO will maintain the availability charges and payments for non-resource-specific system resources supplying resource adequacy capacity separately from those of other resource adequacy resources because of the difference in assessing availability; and

5. With regard to the standard capacity product availability assessments, the ISO will not consider resource adequacy suppliers with subset-of-hours contracts (discussed below) unavailable to the extent that those hours are outside their contractual obligations.

D. Subset-of-Hours Resource Adequacy Contracts

The ISO currently inserts generated bids on behalf of all resource adequacy resources with offer obligations (with the current exception of NRS-RA resources) as if they had contracted to provide that capacity seven days a week,
twenty-four hours a day. Some resource adequacy contracts, however, require the availability of capacity only for a subset of those hours. Such subset-of-hours contracts are subject to approval and monitoring by local reliability authorities. In light of these facts, the ISO proposes to insert generated bids for NRS-RA resources (if the scheduling coordinator for the resource adequacy resource fails to bid the resource) only for the hours specified in the resource adequacy contractual arrangement. Under this proposal, NRS-RA resources must provide, in a statement under oath, information to the ISO about their subset-of-hours arrangements.

This proposal will provide a more detailed and accurate representation of the NRS-RA contracts and resources in the ISO market systems, which will allow for a more accurate generated bids process. An ISO analysis of the proportion of resource adequacy contracts that is limited to a subset of hours showed that the vast majority of the resource adequacy capacity under contract falls into the 24x7 “All Hours” category. For example, for the compliance month of April 2010, 95 percent of the resource adequacy resources had contracts to provide capacity during “All Hours.” Only 5 percent were under contracts that required anything other than “All Hours.” Nonetheless, the ISO intends to carefully monitor contracts to identify potential significant changes in the content of load serving entities’ supply plan portfolios. The ISO will work closely with the CPUC and other local reliability authorities to ensure that load serving entity resource adequacy requirements continue to meet the ISO’s reliability needs.

During the stakeholder process, the ISO expressed its intention to provide subset-of-hours treatment to all resource adequacy which was supported by stakeholders. Accordingly, the ISO sought and obtained authority from the ISO board of governors to develop and implement this enhancement for all resource adequacy resources. Subsequent to the stakeholder process, however, the ISO determined that there were limitations to ISO’s operational systems that rendered it impossible to implement the subset-of-hours process for internal resources without substantial software enhancements, which could not be completed the same timeline as implementation for NRS-RA resources. For example, the ISO has various software tools, including the exceptional dispatch tool and the resource adequacy availability management tool, that allow it to manage the exceptional dispatch of resource adequacy units and avoid triggering the capacity procurement mechanism and the substitution of units. The data in these tools is organized on an monthly, rather than hourly basis. For example, a resource adequacy resource is assumed to be available at a constant capacity throughout the month. These tools require significant enhancements.

The ISO concluded that the ISO would not be able to implement the changes that would allow the systems to provide the necessary hourly information regarding internal resources to operations in time for the 2012 resource adequacy compliance year. The ISO has determined that the staggered implementation is favorable to delaying the implementation of this
functionality to system resources while the tools are enhanced to accommodate this new feature for internal resources. The ISO informed stakeholders regarding the ISO’s inability to apply the subset-of-hours process to internal resources at the ISO’s Market Planning and Performance meetings that place on May 11 and June 22, 2011. It is the ISO’s intention to expand the application of the subset-of-hours treatment when the necessary system modifications are completed.

IV. STAKEHOLDER COMMENTS AND ISO RESPONSE

A complete matrix of stakeholder comments is attached. The comments may be summarized as follows:

A. Generated Bids

Stakeholders support the three options proposed by the ISO.

B. Unavailability Reporting

The ISO received mixed stakeholder support for the proposal on the circumstances under which the scheduling coordinator for an NRS-RA resource can declare its unavailability. While some stakeholders agreed with an initial ISO proposal that only extraordinary transmission circumstances should be considered a deterrent to bidding in the full resource adequacy capacity, most agreed with the revised policy that unavailability for these resources should be more broadly defined to include both transmission issues outside the ISO Balancing Authority Area and problems with the generating resource(s) that constitute the NRS-RA resource.

C. Grandfathering

Currently the ISO tariff includes a standard capacity product tariff grandfathering provision that allows, under certain conditions, resource adequacy capacity under a bilateral contract signed prior to June 28, 2009, to be exempt from standard capacity product availability standards, charges and payments for the initial term of the contract. One stakeholder suggested that this grandfathering provision be extended to NSR-RA resources. The ISO did not accept this suggestion because the NRS-RA resources are already subject to application of the standard capacity product and because the scope of this initiative is limited to developing a calculation and process for generating bids and determining availability of NSR-RA resources, and does not include revisiting the grandfathering issue. Further, the ISO does not believe there is valid reason to revise the existing grandfathering provision.

D. Accommodation of Subset-of-Hours Contracts
Stakeholder comments on this element of the proposal centered on an initial ISO proposal to limit the types of subset-of-hours contracts that scheduling coordinators could identify to standard block power contracts, which correspond to the subset-of-hours contracts already accepted for the purposes of resource adequacy by the CPUC. Because for some load serving entities the resource adequacy responsibilities are outside CPUC jurisdiction, the final proposal provides the flexibility to accommodate all subset-of-hours arrangements. The unit substitution and grandfathering provisions in effect today will not be modified through this proposal.

V. TARIFF REVISIONS

The proposed amendment makes the following tariff revisions, as set forth in the attached blacklines:

New section 9.3.10.6.1 establishes outage reporting requirements for NRS-RA resources.

New section 40.6.8.1 provides for the calculation of generated bids for NRS-RA resources.

New section 40.6.8.1.1 presents the three options for the calculation of generated bids: price-taker option, LMP-based option, and negotiated price option.

New section 40.6.8.1.2 sets forth the calculation of the price-taker option.

New section 40.6.8.1.3 sets forth the calculation of the LMP-based option.

New section 40.6.8.1.4 sets forth the determination of the negotiated bid option.

New section 40.6.8.1.5 provides that the ISO will extend the last segment of an NRS-RA resource’s bid curve when the schedule coordinator submits a bid for less than the amount of capacity that is subject to the resource adequacy contract.

New section 40.6.8.1.6 provides that the ISO will submit generated bids for resource adequacy capacity subject to a subset-of-hours contract only to the extent of the hours in which the resource is contractually obligated to provide resource adequacy capacity.

Existing section 40.9.7 is amended in the title.
Existing section 40.9.7.1 is amended to provide that, through Compliance Year 2015, the monthly Availability Standard for NRS-RA units will be calculated according to section 40.9.4.1 (which governs the availability standard for other resource adequacy resources) and that, beginning with Compliance Year 2016, the monthly Availability Standard NRS-RA resources will be based on historical availability for the Availability Assessment Hours over the previous three years.

Existing section 40.9.7.2 is amended to provide for the calculation of an NRS-RA resource’s availability according to the availability of the capacity, rather than the submittal of bids. The revised section also provides that the calculation of the availability of a “subset-of-hours” resource will take into account the number of hours for which the resource is contractually obligated to provide resource adequacy capacity.

Existing section 40.9.7.3 is amended in the title and to correct capitalization.

Appendix A is amended to add a new definition of “Subset-of-Hours Contract.”

VI. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be put on the official service list established by the Commission with respect to this submittal:

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* Individuals designated for service pursuant to Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3).

VII. EFFECTIVE DATE AND REQUEST FOR WAIVER

The ISO requests that the Commission make the tariff revision contained in the instant filing effective January 1, 2012 and requests waiver of the requirements of section 205 of the Federal Power Act and of 18 C.F.R. § 35.3 as necessary for this purpose. However, although the ISO does not intend to implement the new
rate design until January 1, 2012, the ISO seeks approval of its proposed tariff amendments by no later than September 30, 2011. This approval date and waiver will provide the ISO with sufficient time to develop new charge codes and make the required settlement system changes, as well as providing an opportunity to test these system changes with stakeholders. It is for this reason that the ISO has submitted its new GMC proposal well ahead of the proposed effective date.

VIII. SERVICE

The ISO has served copies of this transmittal letter, and all attachments, on the California Public Utilities Commission, the California Energy Commission, and all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO Website.

IX. ATTACHMENTS

The following attachments, in addition to this transmittal letter, support the instant filing:

Attachment A  Revised Tariff sheets that incorporate the proposed change described above
Attachment B  The proposed change to the Tariff shown in black-line format
Attachment C  Memorandum to the ISO Board of Governors regarding the proposed amendment
Attachment D  Matrix of Stakeholder Comments.
X. CONCLUSION

For the foregoing reasons, the Commission should accept the proposed tariff changes contained in the instant filing to become effective on January 1, 2012. Please contact the undersigned if you have any questions regarding this matter.

/s/ Beth Ann Burns
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9.3.10.6.1 Outage Reporting By NRS-RA Resources

The Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity shall report to the CAISO through the outage management system any Forced Outage of a Generating Unit or Forced Outage or Constraint of transmission facilities external to the CAISO Balancing Authority Area that directly results in the inability of the resource to deliver all or a portion of the Resource Adequacy Capacity identified in the resource’s Supply Plan to the CAISO Balancing Authority Area. The Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity is required to provide to the CAISO notice of the Forced Outage or Constraint within sixty (60) minutes after becoming aware of the circumstance and an explanation of the Forced Outage or Constraint within two (2) Business Days after providing the notice. The explanation shall include the following: a description of the Forced Outage affecting the Generating Unit intended to be the source of the Resource Adequacy Capacity and the estimated return time of the unit; a description of the Forced Outage or Constraint of transmission facilities external to the CAISO Balancing Area Authority; and the impact of such circumstance on the resource’s ability to deliver Resource Adequacy Capacity to the CAISO Balancing Authority Area. Upon request of the CAISO, the Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity shall promptly provide additional information requested by the CAISO to review the Forced Outage or Constraint and its impact on the ability of the resource to deliver Resource Adequacy Capacity to the CAISO Balancing Authority Area. If the CAISO determines that any Forced Outage or Constraint may have been the result of gaming or other questionable behavior, the CAISO shall submit a report describing the basis for its determination to the FERC.

* * *

40.9.7 Assessment For NRS-RA Resources

Non-Resource-Specific System Resources that provide Resource Adequacy Capacity will comprise a distinct category for purposes of the CAISO’s Availability Standards program. This category will utilize the same Availability Standard determined for other Resource Adequacy Resources in accordance with Section 40.9.4.1, but will have its own availability calculations, as well as a separate account for settling Non-Availability Charges and Availability Incentive Payments.
40.9.7.1 Availability Standard for NRS-RA Resources

Through Resource Adequacy Compliance Year 2015, the monthly Availability Standard for the non-Resource-Specific System Resources that provide Resource Adequacy Capacity will be the Availability Standard determined in accordance with Section 40.9.4.1. Beginning with Resource Adequacy Compliance year 2016, the monthly Availability Standard for the non-Resource-Specific System Resources that provide Resource Adequacy Capacity will be based on historical availability for the Availability Assessment Hours over the previous three years. Each monthly Availability Standard will be calculated as the sum of the available Resource Adequacy Capacity of the included non-Resource-Specific System Resources across all Availability Assessment Hours of the month, divided by the sum of the designated Resource Adequacy Capacity for the same set of hours and resources, and multiplied by one hundred (100) to obtain a number between zero (0) and one hundred (100) percent. For non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract, the sum of the available Resource Adequacy Capacity will be based on the Availability Assessment Hours of the month that overlap the hours during which the resource is contractually obligated to make the Resource Adequacy Capacity available to the CAISO. The Availability Standard applicable to a non-Resource-Specific System Resource shall not include any hours in which the resource was prohibited by Section 30.8 from bidding across an out-of-service transmission path at its designated Scheduling Point. A non-Resource Specific System Resource providing Resource Adequacy Capacity whose monthly availability calculation under Section 40.9.7.2 is more than two and a half (2.5) percent below the monthly Availability Standard will be subject to a Non-Availability Charge for the month. A non-Resource Specific System Resource providing Resource Adequacy Capacity whose monthly availability calculation under Section 40.9.7.2 is more than two and a half (2.5) percent above the monthly Availability Standard will be eligible for Availability Incentive Payments. Non-Resource-Specific System Resources will not be included in the calculation of the Availability Standards for other Resource Adequacy Resources as determined in Section 40.9.4.

40.9.7.2 Availability Calculation for NRS-RA Resources

The availability of Resource Adequacy Capacity provided by a non-Resource-Specific System Resource will be calculated as the sum of the MW-hours of the resource’s available Resource Adequacy Capacity
over all Availability Assessment Hours of the month, divided by the sum of the resource’s designated non-exempt hourly Resource Adequacy Capacity for all Availability Assessment Hours, times one hundred (100) to obtain a number between zero (0) and one hundred (100) percent. For non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract, the sum of the available Resource Adequacy Capacity will be based on the Availability Assessment Hours of the month that overlap the hours during which the resource is contractually obligated to make the Resource Adequacy Capacity available to the CAISO. The Scheduling Coordinator for Resource Adequacy Capacity provided by non-Resource-Specific System Resources is expected to secure sufficient transmission rights to deliver the Resource Adequacy Capacity to its designated CAISO Scheduling Point. In determining monthly availability of a non-Resource-Specific System Resource under Section 40.9.7.2, any hours in which the resource was prohibited by Section 30.8 from bidding across an out-of-service transmission path at its designated Scheduling Point will be excluded from the calculation. Scheduling Coordinators for non-Resource-Specific System Resources must submit a monthly report of such hours occurring under Section 30.8, in the format and manner described in the Business Practice Manual for Reliability Requirements.

40.9.7.3 Determination of Non-Availability Charges and Availability Incentive Payments for NRS-RA Resources

A Non-Resource-Specific System Resource that provides Resource Adequacy Capacity and whose actual availability calculated in accordance with Section 40.9.7.2 is less than the Availability Standard defined in Section 40.9.7.1 minus the tolerance band of two and one-half (2.5) percent for a given month shall be assessed a Non-Availability Charge. This charge for such a resource shall apply to that portion of the resource’s designated non-exempt Resource Adequacy Capacity equal to one hundred (100) percent minus the ratio of its actual availability calculated in accordance with Section 40.9.7.2 to the Availability Standard minus two and one-half (2.5) percent. The Non-Availability Charge will then equal the resource’s applicable capacity that is subject to Non-Availability Charges multiplied by the a Non-Availability Charge rate equal to the Monthly CPM Capacity Payment price as specified in Schedule 6 of Appendix F of this CAISO Tariff.
Funds collected for Non-Availability Charges pursuant to this Section 40.9.7.3 in a Trade Month will be used to provide Availability Incentive Payments to non-Resource-Specific System Resources providing Resource Adequacy Capacity that exceed the Availability Standard established in Section 40.9.7.1 plus the tolerance band of two and one-half (2.5) percent for that same Trade Month. The funds will be distributed to each such resource in proportion to the resource’s share of the total non-exempt Resource Adequacy Capacity provided by non-Resource-Specific System Resources that are eligible for Availability Incentive Payments or the month.

Any Availability Incentive Payment to a non-Resource-Specific System Resource providing Resource Adequacy Capacity under this Section 40.9.7.3 will be capped at three times the Non-Availability Charge rate multiplied by the amount of the resource’s non-exempt Resource Adequacy Capacity. Any remaining monthly surplus of Non-Availability Charges from non-Resource-Specific System Resources providing Resource Adequacy Capacity in a Trade Month will be credited against the Real-Time neutrality charge for that Trade Month in accordance with Section 11.5.2.3. Only revenues received from the assessment of Non-Availability Charges to non-Resource-Specific System Resources providing Resource Adequacy Capacity will be used to fund Availability Incentive Payments for non-Resource-Specific System Resources providing Resource Adequacy Capacity.

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Appendix A

Master Definitions Supplement

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- **NRS-RA Resource**
  A non-Resource-Specific System Resource that provides Resource Adequacy Capacity.

* * *

- **Subset of Hours Contract**
  A contract between a Load Serving Entity and a non-Resource-Specific System Resource that requires the resource to make Resource Adequacy Capacity available to the CAISO on designated days and/or during a specified number of hours, less than seven (7) days a week, twenty-four (24) hours a day.
9.3.10.6.1 Outage Reporting By NRS-RA Resources

The Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity shall report to the CAISO through the outage management system any Forced Outage of a Generating Unit or Forced Outage or Constraint of transmission facilities external to the CAISO Balancing Authority Area that directly results in the inability of the resource to deliver all or a portion of the Resource Adequacy Capacity identified in the resource’s Supply Plan to the CAISO Balancing Authority Area. The Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity is required to provide to the CAISO notice of the Forced Outage or Constraint within sixty (60) minutes after becoming aware of the circumstance and an explanation of the Forced Outage or Constraint within two (2) Business Days after providing the notice. The explanation shall include the following: a description of the Forced Outage affecting the Generating Unit intended to be the source of the Resource Adequacy Capacity and the estimated return time of the unit; a description of the Forced Outage or Constraint of transmission facilities external to the CAISO Balancing Authority Area; and the impact of such circumstance on the resource’s ability to deliver Resource Adequacy Capacity to the CAISO Balancing Authority Area. Upon request of the CAISO, the Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity shall promptly provide additional information requested by the CAISO to enable the CAISO to review the Forced Outage or Constraint and its impact on the ability of the resource to deliver Resource Adequacy Capacity to the CAISO Balancing Authority Area. If the CAISO determines that any Forced Outage or Constraint may have been the result of gaming or other questionable behavior, the CAISO shall submit a report describing the basis for its determination to the FERC.

* * *

40.9.7 Assessment For Non-Resource-Specific System-NRS-RA Resources

Non-Resource-Specific System Resources that provide Resource Adequacy Capacity will comprise a distinct category for purposes of the CAISO’s Availability Standards program. This category will utilize the same Availability Standard determined for other Resource Adequacy Resources in accordance with Section 40.9.4.1, but will have its own availability calculations, as well as a separate account for settling Non-Availability Charges and Availability Incentive Payments.
40.9.7.1 Availability Standard for Non-Resource-Specific System Resources Providing Resource Adequacy Capacity

Through Resource Adequacy Compliance Year 2015, the monthly Availability Standard for the non-Resource-Specific System Resources that provide Resource Adequacy Capacity will be the Availability Standard determined in accordance with Section 40.9.4.1, to be provided in the form of Economic Bids or Self-Schedules at the resource’s designated Scheduling Point submitted to the IFM for all Availability Assessment Hours. Beginning with Resource Adequacy Compliance Year 2016, the monthly Availability Standard for the non-Resource-Specific System Resources that provide Resource Adequacy Capacity will be based on historical availability for the Availability Assessment Hours over the previous three years. Each monthly Availability Standard will be calculated as the sum of the available Resource Adequacy Capacity of the included non-Resource-Specific System Resources across all Availability Assessment Hours of the month, divided by the sum of the designated Resource Adequacy Capacity for the same set of hours and resources, and multiplied by one hundred (100) to obtain a number between zero (0) and one hundred (100) percent. For non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract, the sum of the available Resource Adequacy Capacity will be based on the Availability Assessment Hours of the month that overlap the hours during which the resource is contractually obligated to make the Resource Adequacy Capacity available to the CAISO. The Availability Standard applicable to a non-Resource-Specific System Resource shall not include any hours in which the resource was prohibited by Section 30.8 from bidding across an out-of-service transmission path at its designated Scheduling Point. A non-Resource Specific System Resource providing Resource Adequacy Capacity whose monthly availability calculation under Section 40.9.7.2 is more than two and a half (2.5%) percent below the monthly Availability Standard will be subject to a Non-Availability Charge for the month. A non-Resource Specific System Resource providing Resource Adequacy Capacity whose monthly availability calculation under Section 40.9.7.2 is more than two and a half (2.5%) percent above the monthly Availability Standard will be eligible for Availability Incentive Payments. Non-Resource-Specific System Resources will not be included in the calculation of the Availability Standards for other Resource Adequacy Resources as determined in Section 40.9.4.

40.9.7.2 Availability Calculation for NRS-RA Non-Resource-Specific System Resources Providing Resource Adequacy Capacity
The availability of Resource Adequacy Capacity provided by a non-Resource-Specific System Resource will be measured by its hourly offers of Economic Bids or Self-Schedules to provide Energy or, if certified to provide Ancillary Services, Bids for or submissions to Self-Provide Ancillary Service capacity into the CAISO Day-Ahead Market in accordance with the requirements of Section 40.6, for all of the Availability Assessment Hours. Specifically, the resource’s availability will be calculated as the sum of the MW-hours of reflected in the resource’s available Resource Adequacy Capacity submitted Day-Ahead Economic Bids and Self-Schedules over all Availability Assessment Hours of the month, divided by the sum of the resource’s designated non-exempt hourly Resource Adequacy Capacity for all Availability Assessment Hours, times one hundred (100) to obtain a number between zero (0) and one hundred (100) percent (100%). For non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract, the sum of the available Resource Adequacy Capacity will be based on the Availability Assessment Hours of the month that overlap the hours during which the resource is contractually obligated to make the Resource Adequacy Capacity available to the CAISO.

The Scheduling Coordinator for Resource Adequacy Capacity provided by non-Resource-Specific System Resources is expected to secure sufficient transmission rights to deliver the Resource Adequacy Capacity to its designated CAISO Scheduling Point. If in any given Availability Assessment Hour, the CAISO does not fully accept the Economic Bids or Self-Schedules submitted by the Scheduling Coordinator for the Resource Adequacy Capacity provided by non-Resource-Specific System Resources, the Scheduling Coordinator for that resource shall be deemed to have met its availability obligation for that hour. In determining monthly availability of a non-Resource Specific System Resource under Section 40.9.7.2, any hours in which the resource was prohibited by Section 30.8 from bidding across an out-of-service transmission path at its designated Scheduling Point will be excluded from the calculation. Scheduling Coordinators for non-Resource-Specific System Resources must submit a monthly report of such hours occurring under Section 30.8, in the format and manner described in the Business Practice Manual for Reliability Requirements.

40.9.7.3 Determination of Non-Availability Charges and Availability Incentive Payments for NRS-RANon-Resource-Specific System Resources Providing Resource Adequacy Capacity
A Non-Resource-Specific System Resource that provides Resource Adequacy Capacity and whose actual availability calculated in accordance with Section 40.9.7.2 is less than the Availability Standard defined in Section 40.9.7.1 minus the tolerance band of two and one-half (2.5) percent (2.5%) for a given month shall be assessed a Non-Availability Charge. This charge for such a resource shall apply to that portion of the resource’s designated non-exempt Resource Adequacy Capacity equal to one hundred (100) percent (100%) minus the ratio of its actual availability calculated in accordance with Section 40.9.7.2 to the Availability Standard minus two and one-half (2.5) percent (2.5%). The Non-Availability Charge will then equal the resource’s applicable capacity that is subject to Non-Availability Charges multiplied by the a Non-Availability Charge rate equal to the Monthly CPM Capacity Payment price as specified in Schedule 6 of Appendix F of this CAISO Tariff.

Funds collected for Non-Availability Charges pursuant to this Section 40.9.7.3 in a Trade Month will be used to provide Availability Incentive Payments to non-Resource-Specific System Resources providing Resource Adequacy Capacity that exceed the Availability Standard established in Section 40.9.7.1 plus the tolerance band of two and one-half (2.5) percent (2.5%) for that same Trade Month. The funds will be distributed to each such resource in proportion to the resource’s share of the total non-exempt Resource Adequacy Capacity provided by non-Resource-Specific System Resources that are eligible for Availability Incentive Payments or the month.

Any Availability Incentive Payment to a non-Resource-Specific System Resource providing Resource Adequacy Capacity under this Section 40.9.7.3 will be capped at three times the Non-Availability Charge rate multiplied by the amount of the resource’s non-exempt Resource Adequacy Capacity. Any remaining monthly surplus of Non-Availability Charges from non-Resource-Specific System Resources providing Resource Adequacy Capacity in a Trade Month will be credited against the Real-Time neutrality charge for that Trade Month in accordance with Section 11.5.2.3. Only revenues received from the assessment of Non-Availability Charges to non-Resource-Specific System Resources providing Resource Adequacy Capacity will be used to fund Availability Incentive Payments for non-Resource-Specific System Resources providing Resource Adequacy Capacity.

* * *
Appendix A

Master Definitions Supplement

* * *

- NRS-RA Resource

A non-Resource-Specific System Resource that provides Resource Adequacy Capacity.

* * *

- Subset of Hours Contract

A contract between a Load Serving Entity and a non-Resource-Specific System Resource that requires the resource to make Resource Adequacy Capacity available to the CAISO on designated days and/or during a specified number of hours, less than seven (7) days a week, twenty-four (24) hours a day.
Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President, Market & Infrastructure Development

Date: July 16, 2010

Re: Decision on Generated Bids and Outage Reporting for Non-Resource Specific System Resource Adequacy Resources

EXECUTIVE SUMMARY

Under the current resource adequacy program, a load serving entity can meet all or part of its resource adequacy obligations with capacity, provided from the interties from imported resources that is not resource specific. The ultimate source of this capacity could come from one or several generating resources external to the ISO. Such resource adequacy capacity is referred to as non-resource specific system resources with resource adequacy contracts. All import energy resources that supply resource adequacy capacity have an offer obligation to bid the full contracted capacity into the day-ahead market. The tariff states that the ISO will submit bids on behalf of resource adequacy resources with offer obligations in the event that they fail to meet their obligation to offer their contracted capacity into the market.

In order to fulfill this tariff provision, the ISO has worked with stakeholders to develop the policy recommendation, described herein, that addresses what bids should be generated, and how to accommodate the potential unavailability of non-resource specific system resources with resource adequacy contracts. Two additional concerns arose through the process of developing this policy recommendation. First, Management recognized the need for a mechanism through which to accommodate all resource adequacy contracts – not just those that are held by non-resource specific import energy resources – that are for fewer than seven days per week, and 24 hours per day. Second, Management worked to clarify the rules of the standard capacity product in light of the other proposed changes.
Moved, that the ISO Board of Governors approves the proposed tariff change regarding the generation of bids and unavailability reporting for non-resource specific system resources providing resource adequacy capacity and for the accommodation of subset-of-hours resource adequacy contracts; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

DISCUSSION AND ANALYSIS

Determination of a Generated Bid

The vast majority of resources with contracts to supply resource adequacy capacity have an obligation to offer that capacity into the ISO market. In particular, non-resource specific system resources with resource adequacy contracts have the obligation to offer into the integrated forward market. For resource-specific resource adequacy resources that fail to meet that obligation, the ISO systems will submit a cost-based generated bid on behalf of the market participant for that resource adequacy capacity. Since non-resource specific resources have no obvious cost basis, this proposal offers a choice among three alternative calculation methodologies for their generated bids:

1. A price taker bid that would be set to an estimate of the per-MWh grid management charge;

2. A bid calculated using the locational marginal price (LMP) -based calculation analogous to that used for default energy bids for internal generators. Under this method the bid is calculated as the weighted average of the lowest quartile of locational marginal prices in periods when the resource was dispatched during the preceding 90 days; or

3. A negotiated bid, the development of which would parallel that for calculating default energy bids for internal generators. Under this method, scheduling coordinators submit a proposed default energy bid along with supporting information and documentation to justify the bid level.
Under this proposal, if the LMP-based bid option is elected, the resource must either submit a negotiated bid value or elect the price taker bid to be used as a “back-up” in the event that the feasibility test fails for the LMP-based bid option due to lack of sufficient data. Stakeholders expressed some concerns about using 90 days of data to calculate the LMP-based option, stating that energy prices vary greatly over that period, and that the LMP-based generated bid can therefore be out of line with contemporary market conditions. Allowing for a choice between the other two options proposed here will provide an alternative to the LMP-based bid option for market participants unwilling to accept this risk. Management has not specified a limit on the frequency market participants can change their selection between the three proposed generated bid options but, based on experience with internal resources, we anticipate that changes will be infrequent. However, in the future the ISO may consider adopting a limit on the frequency that market participants can change their selected preference for generated bids if frequent changes become onerous for the ISO to maintain.

In the event that a non-resource specific system resource supplying resource adequacy capacity that submits a bid into the day-ahead market (integrated forward market/residual unit commitment) but not to the full capacity specified in the resource’s supply plan, Management proposes to extend the last segment of the resource’s energy bid curve out to the full resource adequacy capacity. This is consistent with the treatment applied to internal generators that provide resource adequacy capacity.

**Reporting of Unavailability**

Non resource specific resource adequacy resources may include a single generating unit or multiple units, and in some cases are specific to only a portion of a resource. The FERC has determined that a 100% availability requirement is unjust for non-resource specific import energy resources supplying resource adequacy capacity. Management accordingly has developed an availability standard for non-resource specific system resources supplying resource adequacy capacity that takes outages into account. The ISO will therefore accept explanations of generation or transmission circumstances leading to a non-resource specific system resource supplying resource adequacy capacity being unavailable to meet its resource adequacy must-offer obligation. Non-resource specific system resources supplying resource adequacy capacity will be required to submit notice of such unavailability to the ISO through the outage-reporting interface currently used by resource-specific resources. Further, these resources will be required to provide information explaining the reasons for such unavailability just as resource-specific resources are required to do under the current tariff provisions.

The outage information the ISO receives on non-resource specific system resources supplying resource adequacy capacity will be used to inform the market software not to insert bids for those resources for outage hours in the day-ahead market provided that the outage is submitted prior to 10:00 a.m. on the trade day. This information will also be used to calculate the resources availability under the standard capacity product.
Subset-of-Hours Resource Adequacy Contracts

The current practice is to insert generated bids on behalf of all resource adequacy resources with offer obligations (with the current exception of non-resource specific system resource providing resource adequacy capacity) as if they were contracted to provide that capacity seven days a week, twenty-four hours a day. Given that not all resource adequacy capacity is procured by load-serving entities for 24x7, and that local reliability authorities monitor and approve the procurement of such capacity, Management proposes a new policy that aligns with the contractual arrangements of resource adequacy resources. Specifically, we propose to insert bids (if the scheduling coordinator for the resource adequacy resource fails to do so) only for the hours specified in the resource adequacy contractual arrangement. Under this proposal, resource adequacy resources will be required to provide, in a statement under oath, information to the ISO about their subset-of-hours arrangements.

The goal of this proposal is to have a more detailed and accurate representation of all resource adequacy contracts and resources in the ISO market systems that will allow for an accurate generated bids process. The ISO performed an analysis of the amount of resource adequacy contracts that are limited to a sub-set of hours. That analysis showed that the vast majority of the contracted resource adequacy capacity falls into the 24x7 “All Hours” category. For example, for the compliance month of April 2010, 95 percent of the resource adequacy resources had contracts to provide capacity during “All Hours.” Only 5 percent were under contracts that required anything other than “All Hours.” However, we recommend careful monitoring going forward to identify potential significant changes in load serving entity supply plan portfolio content. The ISO will work closely with the CPUC and other local reliability authorities to ensure that load serving entity resource adequacy requirements continue to meet the ISO’s reliability needs.

Considerations for Standard Capacity Product

Currently, standard capacity product availability of resource adequacy resources that are internal to the ISO and resource-specific resource adequacy system resources are calculated based on their level of forced outages and temperature related ambient derates in a given month. Under the current ISO functionality, the availability of non-resource specific import energy resources supplying resource adequacy capacity cannot be measured based on outage information and instead is measured by the extent to which an non-resource specific import energy resources supplying resource adequacy capacity bids its resource adequacy capacity into the market. Once the functionality to insert generated bids on behalf of non-resource specific system resources supplying resource adequacy capacity is implemented, this measure of availability will no longer be meaningful. Therefore, Management is proposing new requirements for reporting the availability of non-resource specific system resources supplying resource adequacy capacity and a new availability assessment methodology that is equivalent to that used for internal resource adequacy resources. These new measures include the following:

- A resource will be determined to be less than 100 percent available in a given month if it has reported outages or derates that impact the availability of the resource during the availability assessment hours of that month;
• The monthly availability of an non-resource specific system resources supplying resource adequacy capacity will be equal to the sum of the hourly available resource adequacy capacity of the resource in the availability assessment hours of the month divided by the sum of the hourly resource adequacy capacity for those hours;

• The same availability standard will be applied to non-resource specific system resources supplying resource adequacy capacity as is applied to internal resource adequacy capacity until such time that sufficient data are available to tailor an availability standard specifically for non-resource specific system resources supplying resource adequacy capacity;

• The availability charges and payments for non-resource specific system resources supplying resource adequacy capacity will be maintained separately from those of other resource adequacy resources because of the difference in assessing availability; and

• The unit substitution and grandfathering provisions in effect today will not be modified through this proposal.

With regard to the standard capacity product availability assessments, resource adequacy suppliers with subset-of-hours contracts will not be considered unavailable to the extent that those hours are outside their contractual obligations.

POSITIONS OF THE PARTIES

Summarized below is stakeholder feedback on the draft final proposal for this policy initiative. Comments are further detailed in the stakeholder matrix which is Attachment A to this memo.

Generated Bids
Stakeholders support the three options proposed by the ISO.

Unavailability Reporting
The ISO received mixed stakeholder support of the proposal on the circumstances under which a non-resource specific system resource supplying resource adequacy capacity can declare its unavailability. While some stakeholders agreed with the initial ISO proposal that only extraordinary transmission circumstances would be a deterrent to bidding in the full resource adequacy capacity, most agree with the revised policy that unavailability for these resources should be more broadly defined to include both transmission issues outside the ISO Balancing Authority Area as well as problems with the generating resource(s) of which the non-resource specific import energy resources supplying resource adequacy capacity is comprised.
**Grandfathering**
Currently there is a standard capacity product tariff grandfathering provision that allows, under certain conditions, resource adequacy capacity under a bilateral contract signed prior to June 28, 2009 to be exempt from standard capacity product availability standards, charges and payments for the initial term of the contract. CDWR-SWP requested that this grandfathering provision be extended to non-resource specific system resources supplying resource adequacy capacity as a part of this initiative. The scope of this initiative focuses on developing a calculation and process for generating bids for non-resource specific system resources supplying resource adequacy capacity. Management does not believe this proposal warrants changes to the existing grandfathering provision.

**Accommodation of Subset-of-Hours Contracts**
The feedback relative to this element of the proposal centered on the initial ISO proposal to limit the types of subset-of-hours contracts that could be specified to the standard block power contracts, which correspond to the subset-of-hours contracts already accepted for the purposes of resource adequacy by the CPUC. Since some load serving entities are outside of CPUC jurisdiction, the final proposal provides the flexibility to accommodate all subset-of-hours arrangements.

**RECOMMENDATION**
Management requests Board approval for the proposal for generated bids and outage reporting for non-resource specific system resource adequacy resources. These enhancements are planned for the next 2012 resource adequacy compliance year. Furthermore, due to the significant period of time before this new functionality can be implemented, the ISO also will file with FERC a request to waive the current tariff provision regarding generating bids for non-resource specific system resources supplying resource adequacy capacity until these enhancements are implemented in Fall 2011.
Stakeholder Process: Generated Bids and Outage Reporting for NRS-RA Resources

Summary of Submitted Comments

Stakeholders submitted four rounds of written comments to the ISO on the following dates:

- Round One: January 8, 2010
- Round Two: February 3, 2010
- Round Three: May 20, 2010
- Round Four: June 25, 2010

This matrix summarizes comments provided on the Draft Final Proposal, which were due June 25, 2010.

Stakeholder comments are posted at: http://www.caiso.com/2488/2488b47711c30.html

Other stakeholder efforts include:

- Stakeholder Conference Call: December 30, 2009
- Stakeholder Conference Call: January 27, 2010
- Stakeholder Conference Call: May 10, 2010
- Stakeholder Conference Call: June 16, 2010
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<th>Powerex</th>
<th>Six Cities</th>
<th>Southern California Edison</th>
<th>Pacific Gas &amp; Electric</th>
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Management Response:

Unavailability reporting will apply for complete unavailability as well as for partial unavailability of resource adequacy capacity.

The current policy which remains unchanged with this proposal is that NRS-RA resources do not quality for grandfathering. The ISO specified in this proposal that NRS-RA resources will have the same availability assessment under standard capacity product as other resources. This is the same standard that is applied today with the exception that now NRS-RA resources can submit outages and are not considered 100% available. Management does not believe a new grandfathering provision as a result of this proposal is warranted.

External resources cannot substitute for unavailable resource adequacy resources because external resources cannot bid into residual unit commitment which is a key component of providing resource adequacy capacity.
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