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4.3.1 Nature of Relationship.

Each Participating TO shall enter into a Transmission Control Agreement with the ISO. In addition to converting Existing Rights in accordance with Section 16.2.1A-4, and except as provided in Section 4.3.1.3, New Participating TOs will be required to turn over Operational Control of all facilities and Entitlements that: (1) satisfy the FERC's functional criteria for determining transmission facilities that should be placed under ISO Operational Control; (2) satisfy the criteria adopted by the ISO Governing Board identifying transmission facilities for which the ISO should assume Operational Control; and (3) are the subject of mutual agreement between the ISO and the Participating TOs. The ISO shall notify Market Participants when an application has been received from a potential Participating TO and shall notify Market Participants that a New Participating TO has executed the Transmission Control Agreement and the date on which the ISO will have Operational Control of the transmission facilities.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.5.1.2.1.2 Obligation to Report a Change in Credit Rating.

The Scheduling Coordinator has an ongoing obligation to inform the ISO within 3 Business Days if its Approved Credit Rating has been reduced below the ISO requirements of any change to its Credit Rating.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.5.1.2.2.1 Failure to Promptly Report a Material Change.

If a Scheduling Coordinator fails to inform the ISO of a material change in its information provided to the ISO, which may affect the reliability or safety of the ISO Balancing Authority Area Controlled Grid, or the financial security of the ISO, the ISO may suspend or terminate the Scheduling Coordinator's rights under

the ISO Tariff in accordance with the terms of ISO Tariff Sections 12.3 and 4.5.1 respectively. If the ISO intends to terminate the Scheduling Coordinator's rights it shall file a Notice of Termination with FERC. Such termination shall be effective upon acceptance by FERC of a Notice of Termination.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.5.3.2 Submit Schedules. Submitting Schedules for Energy in the Day-Ahead Market and Hour-Ahead Market in relation to Market Participants for which it serves as Scheduling Coordinator, Scheduling Coordinators shall provide the ISO with intertie Interconnection schedules prepared in accordance with all NERC, WECC and ISO requirements;

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.5.4.2 Submitting Balanced Schedules.

A Scheduling Coordinator shall submit to the ISO only Balanced Schedules in the Day-Ahead Market and the Hour-Ahead Market. A Schedule shall be treated as a Balanced Schedule when aggregate Generation, Inter-Scheduling Coordinator Energy Trades (whether purchases or sales), and imports or exports to or from external Control Areas adjusted for Transmission Losses as appropriate, equals aggregate forecast Demand with respect to all entities for which the Scheduling Coordinator schedules in each Zone. If a Scheduling Coordinator submits a Schedule that is not a Balanced Schedule, the ISO shall reject that Schedule provided that Scheduling Coordinators shall have an opportunity to validate their Schedules prior to the deadline for submission to the ISO by requesting such validation prior to the applicable deadline. On an interim basis, the ISO may assist Scheduling Coordinators in matching Inter-Scheduling Coordinator Energy Trades.

4.5.4.2.1 Submission of Schedules Sufficient to Meet Forecasted Demand

4.5.4.2.1.1 Each Scheduling Coordinator shall submit to the ISO, for each hour of each Trading Day, a Day-Ahead Schedule that includes at least ninety-five percent (95%) of that Scheduling Coordinator's forecast Demand for each hour, for each UDC Service Area, with respect to all entities for which the Scheduling Coordinator schedules in the applicable UDC Service Areas.

[New Section 4.5.4.2.1 and 4.5.4.2.1.1 added pursuant to Amendment No. 72 in Docket No. ER05-1502 as accepted by the Commission on November 21, 2005]

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4.5.4.4.1 Pending acceptance of termination of service pursuant to Section 4.5.4.5.1 by FERC, the ISO will suspend the certification of a Scheduling Coordinator which has received a notice of termination under Section 4.5.4.4 **(a)** and the Scheduling Coordinator will not be eligible to submit Schedules and bids for Energy and Ancillary Services to the ISO.

4.5.4.5 Notification of Termination.

The ISO shall, promptly after providing written notice of default to a Scheduling Coordinator as specified in Section 4.5.4.4 **(a)**, notify the Scheduling Coordinators that could be required to represent End Use Eligible Customers of the Scheduling Coordinator under Section 4.5.4.6.2 if the default is not cured. The ISO shall, as soon as reasonably practicable following the occurrence of any of the events specified in Section 4.5.4.4, notify the Scheduling Coordinator and the Scheduling Coordinators that could be required to represent End Use Eligible Customers of the defaulting Scheduling Coordinator, and the UDCs, and shall as soon as reasonably practicable after the issuance of such notice of termination post such notice on the ISO Home Page. Termination of the Scheduling Coordinator Agreement will automatically remove the Scheduling Coordinator's certification under Section 4.5 and Section 8.4.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.6.1.1 Operate Pursuant to Relevant Provisions of ISO Tariff.

Participating Generators shall operate, or cause their facilities to be operated, in accordance with the relevant provisions of this ISO Tariff, including, but not limited to, the operating requirements for normal and emergency operating conditions specified in Section 7 and the requirements for the dispatch and testing of Ancillary Services specified in Section 8.

(i) Each Participating Generator shall immediately inform the ISO, through its respective Scheduling Coordinator, of any change or potential change in the current status of any Generating Units that are under the Dispatch control of the ISO. This will include, but not be limited to, any change in status of equipment that could affect the maximum output of a Generating Unit, the minimum load of a Generating Unit, the ability of a Generating Unit to operate with automatic voltage regulation, operation of the PSSs (whether in or out of service), the availability of a Generating Unit governor, or a Generating Unit's ability to provide Ancillary Services as required. Each Participating Generator shall immediately report to the ISO, through its Scheduling Coordinator any actual or potential concerns or problems that it may have with respect to Generating Unit direct digital control equipment, Generating Unit voltage control equipment, or any other equipment that may impact the reliable operation of the ISO Controlled Grid.

(ii) In the event that a Participating Generator cannot meet its Generation schedule, whether due to a Generating Unit trip or the loss of a piece of equipment causing a reduction in capacity or output, the Participating Generator shall notify the ISO, through its Scheduling Coordinator at once. If a Participating Generator will not be able to meet a time commitment or requires the cancellation of a Generating Unit start up, it shall notify the ISO, through its Scheduling Coordinator at once.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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4.8 Relationship Between ISO and Eligible Intermittent Resources and Between the ISO and Participating Intermittent Resources.

The ISO shall not schedule Energy from an Eligible Intermittent Resource other than through a Scheduling Coordinator. No Adjustment Bids or Supplemental Energy bids may be submitted on behalf of Participating Intermittent Resources. Any Eligible Intermittent Resource that is not a Participating Intermittent Resource, or any Participating Intermittent Resource for which Adjustment Bids or Supplemental Energy bids are submitted shall be scheduled and settled as a Generating Unit for the associated Settlement Periods (except that the Forecasting Fee shall apply in such Settlement Periods).

4.8A Compliance with Scheduling and Data Provision Requirements. Pursuant to its obligation to notify FERC of any potential violations of ~~Section 7 of the ISO's Enforcement Protocol~~Section 37.7 of this ISO Tariff, the ISO will routinely report any underscheduling behavior that it observes to FERC, for investigation as a potential violation of ~~Section 7 of the Enforcement Protocol~~Section 37.7 of this ISO Tariff and/or FERC's Market Behavior Rule 2.

[New Section 4.8A added pursuant to Amendment No. 72 in Docket No. ER05-1502 with cross references updated to conform to Simplified and Reorganized Tariff in Docket No. ER05-1501]

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5 ~~[Not Used]~~RELATIONSHIP BETWEEN ISO AND SUDCS.

345.1 General Nature of Relationship Between ISO and SUDCs.

34-15.1.1 The ISO shall not be obliged to accept Schedules, Adjustment Bids or bids for Ancillary Services which would require Energy to be transmitted to or from the Distribution System of a SUDC directly connected to the ISO Controlled Grid unless the relevant SUDC has entered into a SUDC Operating Agreement. The SUDC Operating Agreement shall require SUDCs to comply with the applicable provisions of this Section 345 and any other expressly applicable Sections of this ISO Tariff

and the ISO Protocols, as they may be amended from time to time. The ISO shall maintain a pro forma SUDC Operating Agreement available for SUDCs to enter into with the ISO.

31.1-25.1.2 The ISO shall operate the ISO Control Area and the ISO Controlled Grid and each SUDC shall operate its Distribution System at all times in accordance with Good Utility Practice and in a manner which ensures safe and reliable operation. The ISO shall, in respect of its obligations set forth in this Section 345, have the right by mutual agreement to delegate certain operational responsibilities to the relevant Participating TO or SUDC pursuant to this Section 345. All information made available to SUDCs by the ISO shall also be made available to Scheduling Coordinators. Any information, pertaining to the physical state, operation, maintenance or failure of the SUDC Distribution System that may cause a material adverse affect to the operation of the ISO Controlled Grid, that is made available to the ISO by the SUDC shall also be made available to Scheduling Coordinators upon receipt of reasonable notice.

31.25.2 Coordinating Maintenance Outages of SUDC Facilities.

Each SUDC and the Participating TO with which it is interconnected shall coordinate their Outage requirements with respect to their transmission interconnection facilities prior to the submission by that Participating TO of its maintenance Outage requirements under Section 2.3-39.3.

31.35.3 SUDC Responsibilities.

Recognizing the ISO's duty to ensure efficient use and reliable operation of the ISO Control Area and the ISO Controlled Grid consistent with the Applicable Reliability Criteria, each SUDC shall:

31.3-45.3.1 operate and maintain its Distribution System in accordance with applicable reliability standards, statutes and regulations, and Good Utility Practice so as to avoid any material adverse impact on the reliability of the ISO Control Area and the ISO Controlled Grid;

31.3-25.3.2 provide the ISO Outage Coordination Office each year with a schedule of upcoming maintenance on its transmission interconnection facilities with the ISO Controlled Grid that has a reasonable potential of causing a material adverse impact to the reliability of the ISO Controlled Grid.

31-45.4 System Emergencies.

31.4.15.4.1 In the event of a System Emergency, SUDCs shall comply with all directions from the ISO concerning the management and alleviation of the System Emergency and shall comply with all procedures concerning SUDCs for System Emergencies set out in the individual SUDC Operating Agreements.

31.4.25.4.2 During a System Emergency, the ISO and SUDCs shall communicate in accordance with procedures established in individual SUDC operating agreements.

31.55.5 **Load Reduction.**

31.5.15.5.1 If the ISO declares a Stage 1 System Emergency, the SUDC shall use any reasonably available local communication infrastructure to request that its customers curtail their electricity usage. The SUDC shall not be called separately in Stage 3 System Emergencies to manually shed Load. Load restoration of any voluntary Load reduction will occur once the ISO declares that a System Emergency no longer exists.

31.5.25.5.2 If the Participating TO sheds the SUDC Load associated with the Participating TO's transmission facilities, the Participating TO will provide timely information and work with the SUDC regarding SUDC Load restoration.

31.65.6 **System Emergency Reports: SUDC Obligations.**

31.6.15.6.1 Each SUDC shall maintain all appropriate records pertaining to a System Emergency in accordance with the SUDC's then-existing record retention practice or policy, provided the records are kept for a minimum of six (6) years.

31.6.25.6.2 In accordance with its SUDC Operating Agreement, each SUDC shall provide available information to the ISO regarding the ISO's preparation of an Outage review.

31.75.7 **Coordination of Expansion or Modifications to SUDC Facilities.**

Each SUDC and the Participating TO with which it is interconnected shall coordinate in the planning and implementation of any expansion or modifications of a SUDC's or Participating TO's system that will materially affect the reliability of their transmission interconnection facilities, the ISO Controlled Grid or the

transmission services to be required by the SUDC. The Participating TO shall be responsible for coordinating with the ISO.

31.85.8 Information Sharing.

31.8.15.8.1 System Planning Studies.

The ISO, Participating TOs and SUDCs shall share available information such as projected SUDC Load growth and SUDC system expansions necessary for the ISO or the Participating TOs to conduct necessary system planning studies to the extent that such SUDC Load growth or SUDC system expansions will materially impact the operation of the ISO Control Area and the ISO Controlled Grid.

31.8.25.8.2 System Surveys and Inspections.

The ISO, each UDC and each SUDC shall cooperate, to the extent economically feasible for the SUDC, in performing system surveys and inspections regarding the operation of the ISO Control Area and the ISO Controlled Grid.

31.8.35.8.3 Reports.

31.8.3.15.8.3.1 The ISO shall make available to the SUDCs any public annual reviews or reports regarding performance standards, measurements and incentives relating to the ISO Control Area and the ISO Controlled Grid and shall also make available, upon reasonable notice, any such reports that the ISO receives from the Participating TOs. Each SUDC shall make available to the ISO upon request any public annual reviews or reports regarding performance standards, measurements and incentives relating to the SUDC's Distribution System to the extent these relate to the operation of the ISO Control Area and the ISO Controlled Grid.

31.8.3.25.8.3.2 The ISO and SUDCs shall develop an operating procedure for the ISO to record requests received from the SUDC for Maintenance Outages and the completion of the requested maintenance and turnaround times.

31.95.9 Installation of Equipment on and Rights of Access to SUDC Facilities.

31.9.15.9.1 Installation of Facilities.

The ISO and the SUDC shall each have the right on reasonable notice to install or to have installed equipment (including metering equipment) or other facilities on the property of the other, to the extent that such installation is necessary for the installing party to meet its service obligations unless to do so would have a negative impact on the reliability of the service provided by the party owning the property. The ISO and the SUDC shall enter into agreements governing the installation of such equipment or other facilities containing customary, reasonable terms and conditions.

31.9.25.9.2 Access to Facilities.

The SUDCs shall grant, free of charge, the ISO reasonable access to SUDC facilities for purposes of inspection, repair, maintenance, or upgrading of facilities installed by the ISO on the SUDC's system, provided that the ISO must provide reasonable advance notice of its intent to access SUDC facilities and opportunity for SUDC staff to be present. Such access shall not be provided unless the parties mutually agree to the date, time and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld.

31.9.35.9.3 Access During Emergencies.

Notwithstanding any provision in this Section 345 the ISO may have access, without giving prior notice, to any SUDC's equipment or other facilities during times of a System Emergency.

31.9.45.9.4 Access For Audit Functions.

Notwithstanding any provision in this Section 345 the ISO may have access, without giving prior notice, to any SUDC's equipment or other facilities where the ISO has a reasonable basis to believe the SUDC has failed to comply with the SUDC Operating Agreement, applicable ISO Tariff or ISO Protocol provisions and access is required to conduct an audit to gather relevant facts.

[New Section 5 added pursuant to Amendment No. 70 in ER05-1025 as accepted by the Commission in 112 FERC ¶ 61,323 with Section numbering and cross references updated to conform to Simplified and Reorganized Tariff in Docket No. ER05-1501]

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6.6 Failure or Corruption of the WEnet.

~~Based on the designed reliability of the WEnet, there is no external back-up communications system in the event of a total or partial failure of WEnet or the material corruption of data on WEnet. In the extremely unlikely event of WEnet failure, communications will be lost to all Scheduling Coordinators and the ISO will use the latest valid information available to operate until restoration of WEnet. The ISO shall, in consultation with Scheduling Coordinators, make provision for procedures to be implemented in the event of a total or partial failure of WEnet or the material corruption of data on WEnet and include these procedures in the ISO Protocols Business Practice Manuals. The ISO shall ensure that such alternative communications systems are tested periodically.~~

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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7.1.3 ISO Control Center Authorities.

The ISO shall have full authority, subject to Section 4.2, to direct the operation of the facilities referred to in Section 7.1.2 including (without limitation), to:

- (a) direct the physical operation by the Participating TOs of transmission facilities under the Operational Control of the ISO, including (without limitation) circuit breakers, switches, voltage control equipment, protective relays, metering, and Load Shedding equipment;
- (b) commit and dispatch Reliability Must-Run Units, except that the ISO shall only commit Reliability Must-Run Generation for Ancillary Services capacity according to Section 30.6.1 of the Tariff;
- (c) order a change in operating status of auxiliary equipment required to control voltage or frequency;

- (d) take any action it considers to be necessary consistent with Good Utility Practice to protect against uncontrolled losses of Load or Generation and/or equipment damage resulting from unforeseen occurrences;
- (e) control the output of Generating Units, Interconnection schedules, and System Resources that are selected to provide Ancillary Services or Imbalance Energy;
- (f) ~~dispatch: (i) Dispatch Curtailable Demand which has been scheduled to provide Non-Spinning Reserve or Replacement Reserve, or (ii) Loads through direct Load control or other means at the ISO's discretion that are curtailable as an Ancillary Service;~~
- (g) procure Supplemental Energy; and
- (h) require the operation of resources which are at the ISO's disposal in a System Emergency, as described in Section 7.4

The ISO will exercise its authority under this Section 7.1.3 by issuing Dispatch Instructions to the relevant Participants using the relevant communications method described in Section 34.3.6.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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7.4.11.2 Load Curtailment.

A Scheduling Coordinator may specify that Loads will be reduced at specified Market Clearing Prices or offer the right to exercise Load curtailment to the ISO as an Ancillary Service or utilize Load curtailment itself (by way of self-provision of Ancillary Services) as Non-Spinning Reserve or Replacement Reserve. The ISO, at its discretion, may require direct control over such Curtailable Demand to assume response capability for managing System Emergencies. However, non-firm Loads shall not be eligible to provide Curtailable Demand if they are receiving incentives for interruption under existing programs approved by a Local Regulatory Authority, unless: a) participation in the ISO's Ancillary Services markets is specifically authorized by such Local Regulatory Authority, and b) there exist no contingencies on the availability, nor

any unmitigated incentives encouraging prior curtailment, of such interruptible Load for Dispatch as Curtailable Demand as a result of the operation of such existing program. The ISO may establish standards for automatic communication of curtailment instructions to implement Load curtailment as a condition for accepting any offered Load curtailment as an Ancillary Service.

~~The ISO may establish standards for automatic communication of curtailment instructions to implement Load curtailment as a condition for accepting any offered Curtailable Demand as an Ancillary Service.~~

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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8.2.3.4 Voltage Support.

The ISO shall determine on an hourly basis for each day the quantity and location of Voltage Support required to maintain voltage levels and reactive margins within WECC and NERC criteria using a power flow study based on the quantity and location of scheduled Demand. The ISO shall issue daily voltage schedules (Dispatch instructions) to Participating Generators, Participating TOs and UDCs, which are required to be maintained for ISO Controlled Grid reliability. All other Generating Units shall comply with the power factor requirements set forth in contractual arrangements in effect on the ISO Operations Date, or, if no such contractual arrangements exist and the Generating Unit exists within the system of a Participating TO, the power factor requirements applicable under the Participating TO's TO Tariff or other tariff on file with the FERC.

All Participating Generators shall maintain the ISO specified voltage schedule at the transmission interconnection points to the extent possible while operating within the power factor range specified in their interconnection agreements or, for Regulatory Must-Take Generation, Regulatory Must-Run Generation and Reliability Must-Run Generation consistent with existing obligations. For Generating Units, that do not operate under one of these agreements, the minimum power factor range will be within a band of 0.90 lag (producing VARs) and 0.95 lead (absorbing VARs) power factors. Participating Generators with Generating Units existing at the ISO Operations Date that are unable to meet this

operating power factor requirement may apply to the ISO for an exemption. Prior to granting such an exemption, the ISO shall require the Participating TO or UDC to whose system the relevant Generating Units are interconnected to notify it of the existing contractual requirements for Voltage Support established prior to the ISO Operations Date for such Generating Units. Such requirements may be contained in CPUC Electric Rule 21 or the Interconnection Agreement with the Participating TO or UDC. The ISO shall not grant any exemption under this Section from such existing contractual requirements. The ISO shall be entitled to instruct Participating Generators to operate their Generating Units at specified points within their power factor ranges. Participating Generators shall receive no compensation for operating within these specified ranges.

If the ISO requires additional Voltage Support, it shall procure this either through Reliability Must-Run Contracts or, if no other more economic sources are available by instructing a Generating Unit to move its MVar output outside its mandatory range. Only if the Generating Unit must reduce its MW output in order to comply with such an instruction will it be compensated in accordance with Section 8.5.9.

All Loads directly connected to the ISO Controlled Grid shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. Loads shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth. A UDC interconnecting with the ISO Controlled Grid at any point other than a Scheduling Point shall be subject to the same power factor requirement.

The power factor for both the Generating Units and Loads shall be measured at the interconnection point with the ISO Controlled Grid. The ISO will develop and will be authorized to levy penalties against Participating Generators, UDCs or Loads whose Voltage Support does not comply with the ISO's requirements. The ISO will establish voltage control standards with UDCs and the operators of other Control Areas and will enter into operational agreements providing for the coordination of actions in the event of a voltage problem occurring.

Wheeling Through and Wheeling Out transactions may also be subject to a reactive charge as developed by the ISO. If the ISO shall determine that a reactive charge should be payable at a future date, it shall, subject to FERC acceptance and approval, publish annually the Voltage Support obligations

and applicable charges for Wheeling Through and Wheeling Out transactions at Scheduling Points. The obligations shall be predetermined by the ISO based on the estimated amount of the Wheeling Through and Wheeling Out transactions each year.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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8.5.4 Bid Evaluation Rules.

Bid evaluation shall be based on the following principles:

- (a) the ISO shall not differentiate between bidders other than through price and capability to provide the service, and the required locational mix of services;
- (b) to minimize the costs to users of the ISO Controlled Grid, the ISO shall select the bidders with lowest bids for capacity which meet its technical requirements, including location and operating capability;
- (c) for the Day-Ahead Market, the Day-Ahead bids shall be evaluated independently for each of the 24 Settlement Periods of the following Trading Day;
- (d) for the Hour-Ahead Market, the ISO shall evaluate bids in the two hours preceding the hour of operation;
- (e) the ISO will procure sufficient Ancillary Services in the Day-Ahead Market to meet its forecasted requirements, as known at the close of the Day-Ahead Market, except that the ISO may elect to procure a portion of such requirements in the Hour-Ahead Markets if the ISO first provides notice to Scheduling Coordinators of such action, including the approximate hourly megawatt amounts of each Ancillary Service that it intends to procure in the Hour-Ahead Markets;
- (f) the ISO will (to the extent available) procure sufficient Ancillary Services to meet its **technical** requirements; and
- (g) the ISO will evaluate and price only those Ancillary Services bids received.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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8.10B ~~**[NOT USED] Compliance Testing for Spinning Reserve.**~~ ~~The ISO may test the capability of any Generating Unit, System Unit or external import of a System Resource providing Spinning Reserve by issuing unannounced Dispatch instructions requiring the Generating Unit, System Unit or external import of a System Resource to ramp up to its stated ten minute capability in accordance with the Scheduling Coordinator's Bid. Such tests may not necessarily occur on the hour. The ISO shall measure the response of the Generating Unit, System Unit or external import of a System Resource to determine compliance with its stated capabilities.~~

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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8.10.1.2 **Spinning Reserve.** The ISO shall test the Spinning Reserve capability of a Generating Unit, System Unit or System Resource by issuing unannounced Dispatch instructions requiring the Generating Unit, System Unit or System Resource to ramp up to its ten minute capability. The ISO shall measure the response of the Generating Unit, System Unit or System Resource to determine compliance with requirements. Such tests may not necessarily occur on the hour. The Scheduling Coordinator for the Generating Unit, System Unit or System Resource shall be paid the Energy Bid price of the Generating Unit or System Unit for the output under the Spinning Reserve test.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.1 Coordination and Approval for Outages.

The ISO shall have authority to coordinate and approve Outages and returns to service of all facilities comprised in the ISO Controlled Grid and Reliability Must-Run Units in accordance with Section ~~2-3.39.3~~. The ISO will coordinate and approve Maintenance Outages and coordinate responses to Forced Outages of all transmission facilities in the ISO Controlled Grid and Reliability Must-Run Units in accordance with this Section 9. Any scheduled Outages that are cancelled by ISO real-time operations due to system requirements must be rescheduled with the ISO Outage Coordination Department in accordance with Section 9.3.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.4 Single Point of Contact.

Requests for approvals and coordination of all Maintenance Outages (consistent with Section 9.3.1) will be through a single point of contact between the ISO Outage Coordination Office and each Operator. The Operator shall provide in its initial request and specify from time to time the identification of the single point of contact along with primary and alternate means of communication pursuant to the detailed procedures referred to in Section 9.3.6. ~~Information regarding planned outages for resources providing Regulatory Must Take Generation shall be provided to the ISO Outage Coordination Office by the Participating TO or UDC having an existing contract with such resource or by a Participating Generator. Information provided will be that obtained by the Participating TO, UDC or a Participating Generator pursuant to the terms of the existing agreement with the Regulatory Must Take Generation resource or as requested by the ISO. Scheduling and approvals of Maintenance Outages for resources providing Regulatory Must Take Generation shall continue to be coordinated as detailed in the applicable contract with the Participating TO or UDC, provided the Regulatory Must Take Generator has not executed a Participating Generator Agreement. If the Regulatory Must Take Generator has executed a Participating~~

~~Generator Agreement, it shall comply with Section 9.3.5 and other provisions applicable to Participating Generators.~~

9.3.5 Method of Communications.

The primary method of communication from an Operator to the ISO with regard to maintenance and outage planning will be as described in the Operating Procedure on the ISO Home Page. Emergency capabilities, to be used only as a back-up if the primary communication method is unavailable, will include:

- (a) voice;
- (b) fax; and
- (c) electronic (E-mail, FTP file, etc.).

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.5.2 Communication of Approval or Rejection.

The ISO shall use the same methods in communicating the approval or rejection of an Outage request or approval of a request to change an Approved Maintenance Outage to the relevant Operator.

9.3.5.2A Information regarding planned outages for resources providing Regulatory Must-Take Generation shall be provided to the ISO Outage Coordination Office by the Participating TO or UDC having an existing contract with such resource or by a Participating Generator. Information provided will be that obtained by the Participating TO, UDC or a Participating Generator pursuant to the terms of the existing agreement with the Regulatory Must-Take Generation resource or as requested by the ISO. Scheduling and approvals of Maintenance Outages for resources providing Regulatory Must-Take Generation shall continue to be coordinated as detailed in the applicable contract with the Participating TO or UDC, provided the Regulatory Must-Take Generator has not executed a Participating Generator

Agreement. If the Regulatory Must-Take Generator has executed a Participating Generator Agreement, it shall comply with Section 9.3.5 and other provisions applicable to Participating Generators.

9.3.6 Maintenance Outage Planning.

Each Operator shall, by not later than October 15 each year, provide the ISO with a proposed schedule of all Maintenance Outages it wishes to undertake in the following year. The proposed schedule shall include all of the Operator's transmission facilities that comprise the ISO Controlled Grid and Participating Generators (including its Reliability Must-Run Units). In the case of a Participating TO's transmission facilities, that proposed schedule shall be developed in consultation with the UDCs interconnected with that Participating TO's system and shall take account of each UDC's planned maintenance requirements. The nature of the information to be provided and the detailed Maintenance Outage Planning Procedure shall be established by the ISO. This information shall include:

The following information is required for each Generating Unit of a Participating Generator:

- (a) the Generating Unit name and Location Code;
- (b) the MW capacity unavailable;
- (c) the scheduled start and finish date for each Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

The following information is required for each transmission facility:

- (a) the identification of the facility and location;
- (b) the nature of the proposed Maintenance Outage;
- (c) the preferred start and finish date for each Maintenance Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

Either the ISO, pursuant to Section 9.3.7, or an Operator, subject to Section 9.3.6.10, may at any time request a change to an Approved Maintenance Outage. An Operator may, upon seventy-two (72) hours advance notice, schedule with the ISO Outage Coordination Office a Maintenance Outage on its system, subject to the conditions of Sections 9.3.6.4A, 9.3.6.7, and 9.3.6.8.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.6.2 90 Day Look Ahead.

In addition to changes made at quarterly Outage submittals, each Participating Generator shall notify the ISO in writing of any known changes to a Generating Unit or System Unit Outage scheduled to occur within the next 90 days and may submit changes to its planned Maintenance Outage schedule at any time. Participating Generators must obtain the approval of the ISO Outage Coordination Office [in accordance with Section 9 of this ISO Tariff](#). Such approval may be withheld only for reasons of System Reliability or security.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.6.8 Where, in the reasonable opinion of the ISO Outage Coordination Office, the requested Maintenance Outage or requested change to an Approved Maintenance Outage is likely to have a detrimental effect on the efficient use and reliable operation of the ISO Controlled Grid, the ISO Outage Coordination Office may reject the requested Maintenance Outage or requested change to Approved Maintenance Outage. If in the ISO's determination, any of the Maintenance Outages would cause the ISO to violate the Applicable Reliability Criteria, the ISO will notify the relevant Operator, and the Operator will then revise the proposed Maintenance Outage and inform the ISO of the proposed changes. The ISO Outage Coordination Office shall, in a rejection notice, identify the ISO's reliability, security and market

concerns which prompt the rejection and suggest possible remedies or schedule revisions which might mitigate any such concerns. The ISO Outage Coordination Office may provide each Operator in writing with any suggested amendments to those Maintenance Outage requests rejected by the ISO Outage Coordination Office. Any such suggested amendments will be considered as an ISO maintenance request and will be approved in accordance with the process set forth in Section [9-3-3-79.3.7](#) of the ISO Tariff. The determination of the ISO Outage Coordination Office shall be final and binding on the Operator. If, within fourteen (14) days of having made its determination, the Operator requests the ISO Outage Coordination Office to provide reasons for its determination, it shall do so as soon as is reasonably practicable. The ISO will give reasons for informational purposes only and without affecting in any way the finality or validity of the determination.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.8.1 Data Required.

The Operator of a Participating Generator owned or controlled by a Participating Generator shall submit to the ISO pursuant to Sections [9.3.4](#) and [9.3.5.2A](#) its request to confirm the schedule of a planned Maintenance Outage or to change the schedule of a planned Maintenance Outage. Such request must be made to the ISO Outage Coordination Office by no later than 11:30 am three (3) working days prior to the starting date of the proposed Outage (or as specified on the ISO Home Page). Likewise, all Participating TOs shall submit a formal request to confirm or change an Approved Maintenance Outage with respect to any ISO Controlled Grid facility to the ISO Outage Coordination Office in accordance with Sections 9.3.8.2 and 9.3.8.3.

Such schedule confirmation request shall specify the following:

- (a) the Generating Unit or System Unit name and Location Code, or the identification of the transmission system element(s) to be maintained including location;

- (b) the nature of the maintenance to be performed;
- (c) the date and time the Outage is to begin;
- (d) the date and time the Outage is to be completed;
- (e) the time required to terminate the Outage and restore the Generating Unit to normal capacity or the transmission system to normal operation;
- (f) identification of primary and alternate telephone numbers for the Operator's single point of contact; and
- (g) in the case of a request for a change to an Approved Maintenance Outage, the date and time of the original Approved Maintenance Outage.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.10.1 Coordination of all Forced Outages (consistent with Sections [9.3.4](#) and [9.3.5.2A](#)) will be through the single point of contact between the Operator and the ISO Control Center.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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9.3.10.2 Any Operator, upon identification of a situation likely to result in a Forced Outage within the next twenty-four (24) hours unless immediate corrective action is taken, where such action requires the removing from service or restricting an operating Generating Unit or removing a transmission facility from service, shall communicate directly with the ISO Control Center. All notifications of Forced Outages shall be communicated to the ISO Control Center with as much notice as possible in order that the necessary security analysis and ISO Controlled Grid assessments may be performed. If prior notice of a

Forced Outage cannot be given, the Operator shall notify the ISO of the Forced Outage within thirty (30) minutes after it occurs. Any Operator, upon identification of a situation likely to result in a Forced Outage but of a nature not requiring a removal from service until some time more than twenty-four (24) hours in the future will be subject to the provisions of [Section 9 of](#) this ISO Tariff with respect to any necessary Outage except the requirements imposing time limits for notification will be waived and the request will be expedited by the ISO provided notice is given as soon as possible.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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11.2.4.1.1.2 Bid Cost Recovery for System Resources.

The ISO shall settle predispatched Energy from System Resources based on each resource's Energy Bid costs for each Settlement Interval, for each System Resource submitting bids in the Real Time Market pursuant to Section 8.2.2. This Energy bid cost settlement shall be calculated as set forth in Sections D 2.1.2 and D 2.6.3 in Part B of Appendix T. Bid cost settlement shall apply to both incremental and decremental predispatched Energy.

An uplift payment will be made as necessary for each Settlement Interval to assure that the System Resource recovers its Energy Bid costs for the quantity of Energy delivered. Payments for un-recovered bid costs for portions of Energy associated with bids above the Maximum Bid Level are subject to recall if such bids have not been adequately justified pursuant to Section 39.2.

[The settlement methodology set forth in this section will continue in effect until such time as the ISO implements a methodology for settling bids from System Resources as part of its Market Redesign and Technology Upgrade process.](#)

[New language in Section 11.2.4.1.1.2 added pursuant to Amendment No. 66 in

Docket No. ER05-718]

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11.2.11.1 **Obligation for FERC Annual Charges.**

11.2.11.1.1 Each Scheduling Coordinator shall be obligated to pay for the FERC Annual Charges for its use of the ISO Controlled Grid to transmit electricity, including any use of the ISO Controlled Grid through Existing Contracts scheduled by the Scheduling Coordinator. Any FERC Annual Charges to be assessed by FERC against the ISO for such use of the ISO Controlled Grid shall be assessed against Scheduling Coordinators at the FERC Annual Charge Recovery Rate, as determined in accordance with this Section 11.2.11. Such assessment shall be levied monthly against all Scheduling Coordinators based upon each Scheduling Coordinator's metered Demand and exports.

11.2.11.1.2 Scheduling Coordinators may elect, each year, to pay the FERC Annual Charges assessed against them by the ISO either on a monthly basis or an annual basis. Scheduling Coordinators that elect to pay FERC Annual Charges on a monthly basis shall make payment for such charges within five (5) Business Days after issuance of the monthly invoice. The FERC Annual Charges will be issued to Market Participants once a month, on the first business day after the final market and Grid Management Charge invoices are issued for the trade month. Once the final FERC Annual Charge Recovery Rate is received from FERC in the Spring/Summer of the following year, a supplemental invoice will be issued. Scheduling Coordinators that elect to pay FERC Annual Charges on an annual basis shall make payment for such charges within five (5) Business Days after the ISO issues such supplemental invoice. Scheduling Coordinators that elect to pay FERC Annual Charges on an annual basis shall maintain either an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, or shall maintain security in accordance with Section 12.1.

11.2.11.12 **FERC Annual Charge Trust Account.**

All funds collected by the ISO for FERC Annual Charges shall be deposited in the FERC Annual Charge Trust Account. The FERC Annual Charge Trust Account shall be an interest-bearing account separate from all other accounts maintained by the ISO, and no other funds shall be commingled in it at any time.

The ISO shall disburse funds from the FERC Annual Charge Trust Account in order to pay the FERC any and all FERC Annual Charges assessed against the ISO.

11.2.~~44~~.13 Determination of the FERC Annual Charge Recovery Rate.

11.2.~~44~~.13.1 The FERC Annual Charge Recovery Rate shall be set at the projected total FERC Annual Charge obligation with regard to transactions on the ISO Controlled Grid during the year in which the FERC Annual Charge Recovery Rate is collected, adjusted for interest projected to be earned on the monies in the FERC Annual Charge Trust Account (“Annual Charge Obligation”), divided by the projected Demand and exports during that year for all entities subject to assessment of FERC Annual Charges by the ISO (“Annual Charge Demand”). The FERC Annual Charge Recovery Rate for the period from January 1, 2001 until the first adjustment of the FERC Annual Charge Recovery Rate goes into effect shall be posted on the ISO Home Page at least fifteen (15) days in advance of the date on which the initial rate will go into effect.

11.2.~~44~~.13.2 The ISO may adjust the FERC Annual Charge Recovery Rate on a quarterly basis, as necessary, to reflect the net effect of the following:

- (a) the difference, if any, between actual Annual Charge Demand and projected Annual Charge Demand during the year-to-date;
- (b) the difference, if any, between the projections of the Annual Charge Obligation and the Annual Charge Demand upon which the charge for the year is based and the ISO’s most current projections of those values, provided that the projection of the Annual Charge Obligation may only be adjusted on an annual basis for changes in the Federal Energy Regulatory Commission’s budget for its electric regulatory program or changes in the projected total transmission volumes subject to assessment of FERC Annual Charges;
- (c) the difference, if any, between actual and projected interest earned on funds in the FERC Annual Charge Trust Account; and

(d) any positive or negative balances of funds collected for FERC Annual Charges in a previous year after all invoices for FERC Annual Charges for that year have been paid by the ISO, other than those that are addressed through the mechanism described in Section ~~41.2.11.3.4~~11.2.13.4.

11.2.~~41.13~~.3 The adjusted FERC Annual Charge Recovery Rate shall take effect on the first day of the calendar quarter. The ISO shall publish all data and calculations used by the ISO as a basis for such an adjustment on the ISO Home Page at least fifteen (15) days in advance of the date on which the new rate shall go into effect.

11.2.~~41.13~~.4 If the FERC Annual Charges assessed by FERC against the ISO for transactions on the ISO Controlled Grid during any year exceed or fall short of funds collected by the ISO for FERC Annual Charges with respect to that year by a range of 10% or less, the ISO shall take such under- or over-recovery into account through an adjustment to the FERC Annual Charge Recovery Rate in accordance with Section ~~41.2.11.3.2~~11.2.13.2. Any deficiency of available funds necessary to pay for any assessment of FERC Annual Charges payable by the ISO may be covered by an advance of funds from the ISO's Grid Management Charge, provided any such advanced funds will be repaid. If the ISO's collection of funds for FERC Annual Charges with respect to any year results in an under- or over-recovery of greater than 10%, the ISO shall either assess a surcharge against all active Scheduling Coordinators for the amount under-recovered or shall issue a credit to all active Scheduling Coordinators for the amount over-recovered. Such surcharge or credit shall be allocated among all active Scheduling Coordinators based on the percentage of each active Scheduling Coordinators metered Demand and exports during the relevant year. For purposes of this section, an "active Scheduling Coordinator" shall be a Scheduling Coordinator certified by the ISO in accordance with Section 4.5.1 of this ISO Tariff at the time the ISO issues a surcharge or credit under this section. The ISO will issue any surcharges or credits under this section within 60 days of receiving a FERC Annual Charge assessment from the FERC.

11.2.~~41.14~~.14 Credits and Debits of FERC Annual Charges Collected from Scheduling Coordinators.

In addition to the surcharges or credits permitted under Sections ~~41.2.11.3~~11.2.13 or 11.6.3.3 of this ISO Tariff, the ISO shall credit or debit, as appropriate, the account of a Scheduling Coordinator for any over-

or under-assessment of FERC Annual Charges that the ISO determines occurred due to the error, omission, or miscalculation by the ISO or the Scheduling Coordinator.

11.2.1542 The ISO shall calculate the amount due from each UDC or MSS, or from a Scheduling Coordinator delivering Energy for the supply of Gross Load not directly connected to the facilities of a UDC or MSS, for the High Voltage Access Charge and Transition Charge in accordance with operating procedures posted on the ISO Home Page. These charges shall accrue on a monthly basis.

11.2.1643 Emissions and Start-Up Fuel Cost Charges.

The ISO shall calculate, account for and settle charges and payments for Emissions Costs and Start-Up Fuel Costs in accordance with Sections 40.1.9 and 40.1.10 of this ISO Tariff.

11.2.1744 The ISO shall calculate, charge and disburse all collected default Interest in accordance with the ISO Tariff.

11.2.18A Auditing

All of the data, information, and estimates the ISO uses to calculate these amounts shall be subject to the auditing requirements of Section 10.2.11 of the ISO Tariff. The ISO shall calculate these amounts using the software referred to in Section 11.4. 4except in cases of system breakdown when it shall apply the procedures set out in 11.9a (Emergency Procedures).

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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11.1.711.3.3

Prepayments.

(a) A Scheduling Coordinator may choose to pay at an earlier date than the Payment Date specified in the ISO Payments Calendar by way of prepayment provided it notifies the ISO by electronic means before submitting its prepayment.

(b) Prepayment notifications must specify the dollar amount prepaid.

(c) Prepayments must be made by Scheduling Coordinators via Fed-Wire into their ISO prepayment account designated by the ISO. The relevant Scheduling Coordinator shall grant the ISO a security interest on all funds in its ISO prepayment account.

(d) On any Payment Date the ISO shall be entitled to cause funds from the relevant Scheduling Coordinator's ISO prepayment account to be transferred to the ISO Clearing Account in such amounts as may be necessary to discharge in full that Scheduling Coordinator's payment obligation arising in relation to that Payment Date.

(e) Any funds held in the relevant Scheduling Coordinator's ISO prepayment account shall be treated as part of that Scheduling Coordinator's Security.

(f) Interest (or other income) accruing on the relevant Scheduling Coordinator's ISO prepayment account shall inure to the benefit of that Scheduling Coordinator and shall be added to the balance of its ISO prepayment account on a monthly basis.

(g) Funds held in an ISO prepayment account by a Scheduling Coordinator may be recouped, offset or applied by the ISO to any outstanding financial obligations of that Scheduling Coordinator to the ISO or to other Scheduling Coordinators under this ISO Tariff,

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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11.4.2 ~~[Not Used]~~ Right to Dispute.

All Scheduling Coordinators shall have the right to dispute any item or calculation set forth in any Preliminary Settlement Statement in accordance with this ISO Tariff.

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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11.6.1.1 Preliminary Statements.

The ISO shall provide to each Scheduling Coordinator, Black Start Generator or Participating TO for validation a Preliminary Settlement Statement for each Trading Day ~~in accordance with the ISO Payments Calendar~~ within thirty-eight (38) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Preliminary Settlement Statement will include a statement of:

- (a) the amount payable or receivable by the Scheduling Coordinator, Black Start Generator or Participating TO for each charge referred to in Section 11.2 for each Settlement Period in the relevant Trading Day;
- (b) the total amount payable or receivable by that Scheduling Coordinator, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.3; and
- (c) the components of each charge in each Settlement Period except for information contained in the Imbalance Energy Report referred to in Section 11.6.1.1.

Each Preliminary Settlement Statement shall also be accompanied by a breakdown of the components of the Imbalance Energy Charge (the "Imbalance Energy Report").

[Revised as agreed to by CAISO in the Simplified and Reorganized Tariff Docket No. ER05-1501 as accepted by the Commission in 114 FERC ¶ 61,199]

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