

## **IMPORTANT NOTE:**

California ISO Conformed Tariff as of September 21, 2005

This Conformed Tariff is intended as an aid to users of the Simplified and Reorganized (S & R) Tariff filed on September 22, 2005. Substantively, it contains the same tariff language that the S&R Tariff is based on, and it is in effect synchronized with the S&R Tariff since they both reflect the same underlying filings and FERC orders at the same point in time. The Tariff is current through September 21, 2005. Currently effective language from Tariff Amendments and compliance filings which FERC has approved is shown in clean copy. Pending language from compliance filings that FERC had not ruled on as of September 21, 2005, but whose proposed effective date has already arrived, is shown in highlight.

Note that where such pending compliance filing language will supersede currently approved language, it will be necessary to consult previous versions of the Tariff to see the full text of the language superseded by the highlighted pending language.

The Tariff does not include Tariff Amendments submitted to the Commission but not yet approved.

This version updates the June 27, 2005 version of the Conformed Tariff to reflect:

- FERC's June 29, 2005 letter Order in the Amendment 55 Dockets (ER03-1102 et al ), which accepted the ISO's April 25, 2005 compliance filing in those dockets. The approved language (shown in highlight in previous versions of the Conformed Tariff) can be found on pages 863, 864, 864A, and 867.
- FERC's acceptance of Tariff Amendment No. 71 in an Order issued June 29, 2005. The Amendment 71 language can be found on pages 292 and 292.01.
- FERC's July 1, 2005 Order on Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA) in Dockets ER04-445 et al., accepting in part and rejecting in part the ISO's January 5, 2005 and February 18, 2005 tariff filings in those dockets. The tariff language as accepted in those filings was modified by the ISO's August 30, 2005 tariff filing made in compliance with the July 1, 2005 Order. The accepted language can be found in clean copy on pages 181B, 181C, 181D, 181E, 181F, 181G, 181H, 181I, 181J, 181K, 181L, 181M, 181N, 182, 302, 302A, 307A, 309, 310, 310A, 311, 314, 314A, 315, 317, 318, 323, 325, 325A, 325B, 325C, 325D, 330, 333A, 334A, 336, 336A, 337A, 339, 339A, 341, 341A, 344, 344.01, 344A, 347, 349, 349.01, 349.02, 351, 354, and 1111 through 1268. (Note also that supplementary Tab 2, showing language accepted but not yet effective from Amendment 68 regarding Station Power, has been amended to reflect LGIP-related changes to the Master Definition Supplement on pages 334A and 344A). Proposed language from the August 30 compliance filing can be found on pages 181B, 181C, 181D, 317, 317A, 330, 349, 349.00, 1113, 1117, 1121, 1123, 1125, 1127, 1128, 1139, 1146, 1162, 1164, 1170, 1196, 1204, 1206, 1208, 1210, 1220, 1221, 1234, 1240, 1241, 1263, 1264, 1265, 1266, 1267, and 1269 through 1283; this proposed language is shown in highlight, as this filing had not been approved by FERC as of September 21, 2005. [These pages are contained in the PDF documents below numbered 03, 06 and 30, as well as in the Combined Tariff PDF document.]
- The ISO's Compliance Filing made on July 5, 2005 in the TAC proceeding, Dockets ER00-2019 et al. The proposed language can be found on pages 211A, 227, 228, 228.01, 353, 387A, 387A.01, 387A.02, and 387A.03; as this filing had not been approved by FERC as of September 21, 2005, all of the proposed language is shown in highlight.
- FERC's July 26, 2005 Order in the Amendment 61 Docket (ER04-938), which accepted in part and rejected in part the ISO's September 16, 2004 compliance filing in those dockets. The approved language (shown in highlight in previous versions of the Conformed Tariff) can be found on pages 204A and 204A.01; due to the rejection in that order of proposed Section 7.2.6.4, that section has been deleted from page 205, and former page 205A has been removed from the Conformed Tariff.

- FERC's July 28, 2005 letter Order in Docket ER05-224, which accepted the ISO's May 9, 2005 compliance filing in that docket. The approved language (shown in highlight in previous versions of the Conformed Tariff) can be found on pages 939, 1065, 1066, 1066A, 1076, 1077, 1078 and 1079.
- The ISO's Compliance Filing made on August 1, 2005 in the Amendment 55 Dockets (ER03-1102 et al ). The proposed language can be found on pages 859A, 859B, 861, 862, 871, 871A, 871B, 872 and 873; as this filing had not been approved by FERC as of September 21, 2005, all of the proposed language is shown in highlight.
- The ISO's Compliance Filing made on August 5, 2005 in Dockets EL00-95 et al. The proposed language can be found on pages 40, 40.01 and 516; as this filing had not been approved by FERC as of September 21, 2005, all of the proposed language is shown in highlight.
- FERC's August 10, 2005 letter Order in Docket ER05-784, which accepted the ISO's July 1, 2005 compliance filing in that docket. The approved language can be found on page 1079.
- FERC's August 25, 2005 letter Order in Dockets EL00-95 et al., which accepted the ISO's June 30, 2005 errata filing in those dockets. The approved language can be found on page 184F.01.
- The ISO's Compliance Filing made on August 25, 2005 in the Amendment 61 Docket (ER04-938). The proposed language can be found on pages 204 and 204.01; as this filing had not been approved by FERC as of September 21, 2005, all of the proposed language is shown in highlight.
- FERC's September 19, 2005 letter Order in the Amendment 71 Docket (ER05-1081), which accepted the ISO's July 29, 2005 compliance filing in that docket. The approved language can be found on page 292 and 292.01.

It should also be noted that language previously contained in supplementary Tab 1 regarding changes to 7.2.6.1.1(a) regarding the use of a daily gas index in calculating decremental reference levels, has now been incorporated into the Conformed Tariff as it went into effect following a market notice issued on June 22, 2005.

It should also be noted that Section 2.2.9, a provision added by Amendment 55 and accepted by FERC, was included in previous versions of the Conformed Tariff as effective, but has in fact not yet gone into effect, and will not go into effect until the ISO implements certain changes in its scheduling system. It has therefore been removed from the Conformed Tariff and placed in a new supplementary Tab 1.

**2.3.2.9.3 Imposing Sanctions.** If the ISO finds that the operation and maintenance practices of any Participating TOs, Participating Generators, Eligible Customers, or UDCs prolonged the response time or contributed to the Outage, the ISO may impose sanctions on the responsible Participating TOs, Participating Generators, Eligible Customers, or UDCs provided that no sanction shall be imposed in respect of actions taken in compliance with the ISO's instructions or pursuant to a Remedial Action Scheme. The ISO shall develop and file with FERC a schedule of such sanctions. Any dispute concerning whether sanctions should be imposed under this Section shall be resolved through the ISO ADR Procedures. The schedule of sanctions filed with FERC (including categories and levels of sanctions) shall not be subject to the ISO ADR Procedures. The ISO shall publish on the ISO Home Page details of all instances in which a sanction has been imposed.

**2.3.3 Coordination of Outages and Maintenance.**

**2.3.3.1 ISO Outage Coordination Office.** The ISO Outage Coordination Office shall be established by the ISO and shall coordinate and approve Maintenance Outages of: (i) all facilities that comprise the ISO Controlled Grid and (ii) Participating Generators. The ISO shall additionally coordinate and approve Outages required for new construction and for work on de-energized and live transmission facilities (e.g., relay maintenance or insulator washing) and associated equipment.

**2.3.3.1.1 California Department of Water Resources.** The provisions of Section 2.3.3, and the provisions of the Outage Coordination Protocol, shall apply to the California Department of Water Resources ("CDWR"). However, the ISO shall be permitted to deny a requested Maintenance Outage or a requested change to an Approved Maintenance Outage, or cancel an Approved Maintenance Outage, relating to hydroelectric Generating Units owned and operated by the CDWR, only if, in the reasonable opinion of the ISO, the requested Maintenance Outage, Approved Maintenance Outage, or requested change to an Approved Maintenance Outage, is likely to have a detrimental effect on the reliable operation of the ISO Controlled Grid.

Furthermore, if CDWR informs the ISO Outage Coordination Office that an action of the ISO Outage Coordination Office, made pursuant to Section 2.3.3 and/or the provisions of the Outage Coordination Protocol, will result in a violation of federal or state law affecting hydroelectric operations or compromise CDWR's ability to deliver water to its customers, the ISO will use all other options at its disposal under Section 2.3.3 and the Outage Coordination Protocol in order to ensure the reliable operation of the ISO Controlled Grid before rejecting a requested Maintenance Outage or a requested change to an Approved Maintenance Outage, or canceling an Approved Maintenance Outage, relating to the hydroelectric Generating Units owned and operated by the CDWR.

**5.7 Interconnection of Generating Units and Generating Facilities to the ISO Controlled Grid.**

**5.7.1 Applicability.**

This Section 5.7 and the Standard Large Generator Interconnection Procedures (LGIP) or ISO Tariff Appendix W, as applicable, shall apply to:

- (a) each new Generating Unit that seeks to interconnect to the ISO Controlled Grid;
- (b) each existing Generating Unit connected to the ISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant;
- (c) each existing Generating Unit connected to the ISO Controlled Grid that will be modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria; and
- (d) each existing qualifying facility Generating Unit connected to the ISO Controlled Grid whose total Generation was previously sold to a Participating TO or on-site customer but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to Section 5.7.1.2 below.

**5.7.1.1** The owner of a Generating Unit described in Section 5.7.1(a), (b), or (c), or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with the LGIP or ISO Tariff Appendix W, as applicable.

**5.7.1.2** If the owner of a qualifying facility described in Section 5.7.1(d), or its designee, represents that the total capability and electrical characteristics of the qualifying facility will be substantially unchanged, then that entity must submit an affidavit to the ISO and the applicable Participating TO representing that the total capability and electrical characteristics of the qualifying facility will remain substantially unchanged. If there is any change to the total capability and electrical characteristics of the qualifying facility, however, the affidavit shall include supporting information describing any such changes.

The ISO and the applicable Participating TO shall have the right to verify whether or not the total capability or electrical characteristics of the qualifying facility have changed or will change.

**5.7.1.2.1** If the ISO and the applicable Participating TO confirm that the electrical characteristics are substantially unchanged, then that request will not be placed into the interconnection queue. However, the owner of the qualifying facility, or its designee, will be required to execute **either** a Standard Large Generator Interconnection Agreement in accordance with Section 11 of the **LGIP or an interconnection agreement in accordance with ISO Tariff Appendix W, as applicable.**

**5.7.1.2.2** If the ISO and the applicable Participating TO cannot confirm that the total capability and electrical characteristics are and will be substantially unchanged, then the owner of the qualifying facility, or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with **either** the **LGIP or ISO Tariff Appendix W, as applicable.**

## **5.7.2 Interconnections to the Distribution System.**

Any proposed interconnection by the owner of a planned Generating Unit, or its designee, to connect that Generating Unit to a Distribution System of a Participating TO will be processed, as applicable, pursuant to the Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable, of the Participating TO; provided, however, that the owner of the planned Generating Unit, or its designee, shall be required to mitigate any adverse impact on reliability of the ISO Controlled Grid consistent with the Standard Large Generator Interconnection Procedures. In addition, each Participating TO will provide to the ISO a copy of the system impact study used to determine the impact of a planned Generating Unit on the Distribution System and the ISO Controlled Grid pursuant to a request to interconnect under the applicable Wholesale Distribution Access Tariff or CPUC Rule 21, or other Local Regulatory Authority requirements, if applicable.

**5.7.3 Maintenance of Encumbrances.**

No new Generating Unit shall adversely affect the ability of the applicable Participating TO to honor its Encumbrances existing as of the time an Interconnection Customer submits its Interconnection Request to the ISO. The applicable Participating TO, in consultation with the ISO, shall identify any such adverse effect on its Encumbrances in the Interconnection System Impact Study performed under Section 7 of the LGIP or under Section 5.1 of ISO Tariff Appendix W, as applicable. To the extent the applicable Participating TO determines that the connection of the new Generating Unit will have an adverse effect on Encumbrances, the Interconnection Customer shall mitigate such adverse effect.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
FERC ELECTRIC TARIFF  
FIRST REPLACEMENT VOLUME NO. I

Substitute First Revised Sheet No. 181E  
Superseding Original Sheet No. 181E

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Issued by: Charles F. Robinson, Vice President and General Counsel  
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**5.8 Recordkeeping; Information Sharing.**

**5.8.1 Requirements for Maintaining Records.**

Participating Generators shall provide to the ISO such information and maintain such records as are reasonably required by the ISO to plan the efficient use and maintain the reliability of the ISO Controlled Grid.

**5.8.2 Providing Information to Generators.**

The ISO shall provide to any Participating Generator, upon its request, copies of any operational assessments, studies or reports prepared by or for the ISO (unless such assessments studies or reports are subject to confidentiality rights or any rule of law that prohibits disclosure) concerning the operations of such Participating Generator's

Costs allocated under this part (1) shall be considered Reliability Services Costs.

- 2) if the Generating Unit was operating due to Inter-Zonal Congestion, the Minimum Load Costs shall be allocated on a monthly basis to each Scheduling Coordinator in the constrained Zone based on the ratio of that Scheduling Coordinator's monthly Demand to the sum of all Scheduling Coordinator's monthly Demand in that Zone;
- 3) if the Generating Unit was operating to satisfy an ISO Control Area-wide need, the ISO shall allocate the Minimum Load Costs in the following way:
  - a. first, to the monthly absolute total of all Net Negative Uninstructed Deviation (determined for each Settlement Interval based on Final Hour-Ahead Schedules) at a per-MWh rate that shall not exceed a figure that is determined by dividing the total Minimum Load Cost in that month by the sum of the minimum loads for Generating Units operating under Waiver Denial Periods in that month;
  - b. finally, all remaining costs not allocated per (a) shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's monthly Control Area Gross Load and Demand within California outside the ISO Control Area that is served by exports to the monthly sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators.

**5.11.6.1.5 Payment Of Available Capacity Under The Must-Offer Obligation**

Available capacity that is required to be offered to the Real Time Market, if dispatched by the ISO, shall be settled as follows: the actual amount of the dispatched Energy shall be settled at the applicable Instructed Imbalance Energy Market Clearing Price. Minimum Load Cost compensation shall be paid for all otherwise eligible hours within the Waiver Denial Period, as

**7.2.5.2.7** If inadequate Adjustment Bids have been submitted to schedule Inter-Zonal Interface capacity on an economic basis and to the extent that scheduling decisions cannot be made on the basis of economic value, the ISO will allocate the available Inter-Zonal Interface capacity to Scheduling Coordinators in proportion to their respective proposed use of that capacity as indicated in their Schedules and shall curtail scheduled Generation and Demand to the extent necessary to ensure that each Scheduling Coordinator's Schedule remains balanced.

**7.2.5.2.8** The ISO will publish information prior to the Day-Ahead Market, between the iterations of the Day-Ahead Market, and prior to the Hour-Ahead Market, to assist the Scheduling Coordinators to construct their Adjustment Bids so as to actively participate in the management of Congestion and the valuation of Inter-Zonal Interfaces. This information may include the ISO's most-current information regarding: potentially Congested paths, projected transmission uses, projected hourly Loop Flows across Inter-Zonal Interfaces, scheduled line Outages, forecasts of expected system-wide Load, the ISO's Ancillary Services requirements, Generation Meter Multipliers, and power flow outputs.

**7.2.5.2.9** The ISO will also publish information, once it is available, regarding tentative prices for the use of Inter-Zonal Interfaces, and Generation shift factors for the use of Inter-Zonal Interfaces, which indicate the relative effectiveness of Generation shifts in alleviating Congestion.

**7.2.6 Intra-Zonal Congestion Management.**

Any Generating Unit dispatched to manage Intra-Zonal Congestion shall: (1) if dispatched to increase its output, be paid the greater of its bid price (or mitigated bid if applicable) or the relevant Market Clearing Price; (2) if dispatched to decrease its output, be charged the lesser of its decremental reference price of the relevant Market Clearing Price. The ISO shall not re-dispatch MSS resources to manage Intra-Zonal congestion as set forth in this section 7.2.6, as

provided for in the MSS Agreement. The ISO shall treat hydroelectric resources the same as  
MSS resources for purposes of managing Intra-Zonal congestion under this Section 7.2.6.

Scheduling Coordinators from the Usage Charge fees paid by Scheduling Coordinators. The net Usage Charge revenues collected by the ISO for each Inter-Zonal Interface shall be, subject to the provisions of Section 7.3.1.7 of the ISO Tariff, paid to: (i) FTR Holders, in accordance with Section 9.6; and (ii) to the extent not paid to FTR Holders, to Participating TOs who own the Inter-Zonal Interfaces and Project Sponsors as provided in Section 3.2.7.3. **If a New Participating TO has received FTRs, pursuant to Section 9.4.3, over an Inter-Zonal Interface, the MW of FTRs received shall not be eligible for the disbursement of Usage Charge revenues under part (ii) of this section.** Participating TOs will credit in turn the Usage Charge revenue to their Transmission Revenue Balancing Accounts, or, for those Participating TOs that do not have such accounts, to their Transmission Revenue Requirements.

**7.3.1.7 ISO Debit of Net Usage Charge Revenues.** If, after the issuance of Final Day-Ahead Schedules by the ISO, (a) Participating TOs instruct the ISO to reduce interface limits based on operating conditions or (b) an unscheduled transmission Outage occurs and as a result of either of those events, Congestion is increased and Available Transfer

FTR Market in the first round of the auction was less than the quantity of FTRs being made available for that FTR Market, the price of FTRs in that FTR Market shall be the first round price and each FTR Bidder in that FTR Market will receive a number of FTRs equal to the quantity of bids they submitted in the first round. Any remaining FTRs in that FTR Market will not be awarded in that auction.

**9.4.2.7** Each FTR Bidder shall pay the ISO an amount equal to the sum, for all FTR Markets, of the products of the FTR price in each FTR Market (determined in accordance with Section 9.4.2.6) and the total quantity of FTRs awarded to that FTR Bidder in that FTR Market (determined in accordance with Section 9.4.2.4 or Section 9.4.2.5, as applicable). FTR Bidders shall pay the amount determined in accordance with the foregoing sentence within ten (10) Business Days of receiving an invoice from the ISO by making payment to the ISO Clearing Account in accordance with Section 11.10. If the FTR Bidder fails to make timely payment of the full amount due, the ISO may enforce any guarantee, letter of credit or other credit support provided by the defaulting FTR Bidder in accordance with Section 9.2.6 and, if the ISO is required to institute proceedings to collect any unpaid amount, the defaulting FTR Bidder shall pay Interest on the unpaid amount for the period from the Payment Date until the date on which payment is remitted to the ISO Clearing Account.

**9.4.2.8** The ISO shall post on the ISO Home Page the prices at which FTRs are sold in each FTR Market through the primary auction.

**9.4.3** For the ten-year transition period described in Section 4 of Schedule 3 to Appendix F, a New Participating TO that has an obligation to serve Load shall receive FTRs for Inter-Zonal Interfaces to which the transmission facilities and Converted Rights for Inter-Zonal Interfaces that the New Participating TO turns over to the ISO's Operational Control give it transmission rights, provided such transmission facilities are Existing High Voltage Facilities. The amount of FTRs will

be determined when the Transmission Control Agreement is executed and shall be commensurate with the transmission capacity the New Participating TO is turning over to ISO Operational Control. The ISO will submit to FERC in the transmittal letter for the amendment to the Transmission Control Agreement regarding each New Participating TO the amount of FTRs allocated to such New Participating TO. The amount of FTRs that has been determined will not be effective until after FERC issues an order concerning the amendment required by this section. No additional FTRs will be issued to New Participating TOs for building High Voltage Transmission Facilities after they become Participating TOs. FTRs issued in accordance with this section shall entitle the FTR Holder to receive Usage Charge revenues and to priority in the scheduling of Energy in the Day-Ahead Market in accordance with the provisions of the ISO Tariff. FTRs associated with Converted Rights shall terminate on the earlier of termination of the Existing Contract or the end of the ten-year transition period.

## **9.5 Distribution of Auction Revenues Received by the ISO for Firm Transmission Rights**

**9.5.1** For each Inter-Zonal Interface and direction for which an FTR is defined, the total proceeds received by the ISO through the auction described in Section 9.4 shall be allocated and paid by the ISO to the Participating TO that is entitled in accordance with Section 7.3.1.6 to receive Usage Charge revenues with respect to the corresponding Inter-Zonal Interface. Each Participating TO shall credit its FTR auction proceeds against its high voltage TRBA if the FTR is for a High Voltage Transmission Facility or against its low voltage TRBA if the FTR is a for a Low Voltage Transmission Facility.

**9.5.2** In the event the transmission facilities or rights making up an Inter-Zonal Interface with respect to which FTRs are defined are owned by more than one Participating TO, the proceeds of the auction of such FTRs shall be allocated to those Participating TOs who auction FTRs in proportion to the FTRs associated with their Inter-Zonal Interface as of the date of the FTR auction compared to all FTRs auctioned for such Inter-Zonal Interface.



**9.5.3** In the event the transmission facilities or rights making up an Inter-Zonal Interface with respect to which FTRs are defined have been upgraded resulting in increased transmission capacity on the Inter-Zonal Interface, and the costs of construction and operation were paid for by a Project Sponsor pursuant to Section 3.2.7.1 and were not included in the ISO's transmission Access Charge or a reimbursement or direct payment from a Participating TO, the proceeds of the auction of such

law. The ISO shall cooperate with the affected Market Participant to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- (c) The ISO may disclose confidential or commercially sensitive information, without notice to an affected Market Participant, in the following circumstances:
- (i) If the FERC, or its staff, during the course of an investigation or otherwise, requests information that is confidential or commercially sensitive. In providing the information to FERC or its staff, the ISO shall take action consistent with 18 C.F.R. §§ 1b.20 and 388.112, and request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure. The ISO shall provide the requested information to the FERC or its staff within the time provided for in the request for information. The ISO shall notify an affected Market Participant within a reasonable time after the ISO is notified by FERC or its staff that a request for disclosure of, or decision to disclose, the confidential or commercially sensitive information has been received, at which time the ISO and the affected Market Participant may respond before such information would be made public; or
  - (ii) In order to maintain reliable operation of the ISO Control Area, the ISO may share critical operating information, system models, and planning data with other WECC Reliability Coordinators, who have executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data, or are subject to similar confidentiality requirements; or
  - (iii) In order to maintain reliable operation of the ISO Control Area, the ISO may share individual Generating Unit Outage information with the operations engineering and/or the outage coordination division(s) of other Control Area

operators, Participating TOs, MSS Operators and other transmission system operators engaged in the operation and maintenance of the electric supply system whose system is significantly affected by the Generating Unit and who have executed the Western Electricity Coordinating Council Confidentiality Agreement for Electric System Data.

#### **20.4 Staffing and Training To Meet Obligations.**

The ISO shall engage sufficient staff to perform its obligations under this ISO Tariff in a satisfactory manner consistent with Good Utility Practice. The ISO shall make its own arrangements for the engagement of all staff and labor necessary to perform its obligations hereunder and for their payment. The ISO shall employ (or cause to be employed) only persons who are appropriately qualified, skilled and experienced in their respective trades or occupations. ISO employees and contractors shall abide by the ISO Code of Conduct for employees contained in the ISO bylaws and approved by FERC.

#### **20.5 Accounts and Reports.**

The ISO shall notify Market Participants of any significant change in the accounting treatment or methodology of any costs or any change in the accounting procedures, which is expected to result in a significant cost increase to any Market Participant. Such notice shall be given at the earliest possible time, but no later than, sixty (60) days before implementation of such change.

which the Scheduling Coordinator is willing to increase the output of the resource and sell Energy from that resource to the ISO (or, in the case of a Dispatchable Load, decrease the Demand); and (vi) for the ranges between each of the MW values less than the preferred operating point, corresponding prices (in \$/MWh) for which the Scheduling Coordinator is willing to decrease the output of the resource and purchase Energy from the ISO at the resource's location (or, in the case of a Dispatchable Load, increase the Demand). This data for an Adjustment Bid must result in a monotonically increasing curve.

**Administrative Price**

The price set by the ISO in place of a Market Clearing Price when, by reason of a System Emergency, the ISO determines that it no longer has the ability to maintain reliable operation of the ISO Controlled Grid relying solely on the economic Dispatch of Generation. This price will remain in effect until the ISO considers that the System Emergency has been contained and corrected.

**Adverse System Impact**

The negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

**Affected System**

An electric system other than the ISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TOs' electric systems that are not part of the ISO Controlled Grid.

**Affected System Operator**

The entity that operates an Affected System.

**Affiliate**

An entity, company or person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the subject entity, company, or person.

**AGC (Automatic Generation Control)**

Generation equipment that automatically responds to signals from the ISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.

studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

**Commercial Operation**

The status of a Generating Unit at a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

**Commercial Operation Date**

The date on which a Generating Unit at a Generating Facility commences Commercial Operation as agreed to by the applicable Participating TO and the Interconnection Customer pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

**Congestion**

A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

**Congestion Management**

The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.

**Congestion Management Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process including, but not limited to, the management and operation of Inter-Zonal Congestion markets, Adjustment Bids, taking Firm Transmission Rights and Existing Contracts into account, and determining the price for mitigating Congestion for flows on Congested paths. The formula for determining the Congestion Management Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

**Critical Protective System** Facilities and sites with protective relay systems and Remedial Action Schemes that the ISO determines may have a direct impact on the ability of the ISO to maintain system security and over which the ISO exercises Operational Control.

**CTC (Competition Transition Charge)** A non-bypassable charge that is the mechanism that the California Legislature and the CPUC mandated to permit recovery of costs stranded as a result of the shift to the new market structure.

**Curtable Demand** Demand from a Participating Load that can be curtailed at the direction of the ISO in the real-time Dispatch of the ISO Controlled Grid. Scheduling Coordinators with Curtable Demand may offer it to the ISO to meet Non-Spinning Reserve or Replacement Reserve requirements.

**Day-Ahead** Relating to a Day-Ahead Market or Day-Ahead Schedule.

**Day-Ahead Market** The forward market for Energy and Ancillary Services to be supplied during the Settlement Periods of a particular Trading Day that is conducted by the ISO and other Scheduling Coordinators and which closes with the ISO's acceptance of the Final Day-Ahead Schedule.

**Day-Ahead Schedule** A Schedule prepared by a Scheduling Coordinator or the ISO before the beginning of a Trading Day indicating the levels of Generation and Demand scheduled for each Settlement Period of that Trading Day.

**Default GMM** Pre calculated GMM based on historical Load and interchange levels.

**Deliverability Assessment**

An evaluation by the Participating TO, ISO or a third party consultant for the Interconnection Customer to determine a list of facilities, the cost of those facilities, and the time required to construct these facilities, that would ensure a Large Generating Facility could provide Energy to the ISO Controlled Grid at peak load, under a variety of severely stressed conditions, such that the aggregate of Generation in the local area can be delivered to the aggregate of Load on the ISO Controlled Grid, consistent with the ISO's reliability criteria and procedures.

**Delivery Network Upgrades**

Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Controlled Grid.

**Delivery Point**

The point where a transaction between Scheduling Coordinators is deemed to take place. It can be either the Generation input point, a Demand Take-Out Point, or a transmission bus at some intermediate location.

**Demand**

The rate at which Energy is delivered to Loads and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples thereof, e.g., 1,000W=1kW, 1,000kW=1MW, etc.

**Demand Forecast**

An estimate of Demand over a designated period of time.



**Direct Access Demand**

The Demand of Direct Access End-Users.

**Direct Access End-User**

An Eligible Customer located within the Service Area of a UDC  
who purchases Energy and Ancillary Services through a  
Scheduling Coordinator.

**Dispatch**

The operating control of an integrated electric system to:

- i) assign specific Generating Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.

**Dispatch Instruction**

An instruction by the ISO to a resource for increasing or decreasing its energy supply or demand from the Hour-Ahead Schedule to a specified operating point.

**Dispatch Interval**

The time period, which may range between five (5) and thirty (30) minutes, over which the ISO's RTD Software measures deviations in Generation and Demand, and selects Ancillary Service and Supplemental Energy resources to provide balancing Energy in response to such deviations. The Dispatch Interval shall be five (5) minutes. Following a decision by the ISO Governing Board, the ISO may, by seven (7) days' notice published on the ISO's Home Page, at <http://www.caiso.com> (or such other internet address as the ISO may publish from time to time), increase or decrease the Dispatch Interval within the range of five (5) to thirty (30) minutes.

for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

**Energy Export**

For purposes of calculating the Grid Management Charge, Energy included in an interchange Schedule submitted to the ISO, or dispatched by the ISO, to serve a Load located outside the ISO's Control Area, whether the Energy is produced by a Generator in the ISO Control Area or a resource located outside the ISO's Control Area.

**Entitlements**

The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.

**Environmental Dispatch**

Dispatch designed to meet the requirements of air quality and other environmental legislation and environmental agencies having authority or jurisdiction over the ISO.

**Ex Post GMM**

GMM that is calculated utilizing the real-time Power Flow Model in accordance with Section 7.4.2.1.2.

**Ex Post Price**

The Hourly Ex Post Price, the Dispatch Interval Ex Post Price, the Resource-Specific Settlement Interval Ex Post Price, or the Zonal Settlement Interval Ex Post Price.

**Ex Post Transmission Loss**

Transmission Loss that is calculated based on Ex Post GMM.

**Existing Contracts**

The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

**Existing High Voltage Facility**

A High Voltage Transmission Facility of a Participating TO that was placed in service on or before the Transition Date defined in Section 4.2 of Schedule 3 of Appendix F.

**Existing Rights**

Those transmission service rights defined in Section 2.4.4.1.1 of the ISO Tariff.

**Facility Owner**

An entity owning transmission, Generation, or distribution facilities connected to the ISO Controlled Grid.

**Facility Study**

An engineering study conducted by a Participating TO to determine required modifications to the Participating TO's transmission system, including the cost and scheduled completion date for such modifications that will be required to provide needed services.

**Facility Study Agreement**

An agreement between a Participating TO and either a Market Participant, Project Sponsor, or identified principal beneficiaries pursuant to which the Market Participants, Project Sponsor, and identified principal beneficiaries agree to reimburse the Participating TO for the cost of a Facility Study.

**FTR Bidder** An entity that submits a bid in an FTR auction conducted by the ISO in accordance with Section 9.4 of the ISO Tariff.

**FTR Holder** The owner of an FTR, as registered with the ISO.

**FTR Market** A transmission path from an originating Zone to a contiguous receiving Zone for which FTRs are auctioned by the ISO in accordance with Section 9.4 of the ISO Tariff.

**Full Marginal Loss Rate** A rate calculated by the ISO for each Generation and Scheduling Point location to determine the effect on total system Transmission Losses of injecting an increment of Generation at each such location to serve an equivalent incremental MW of Demand distributed proportionately throughout the ISO Control Area.

**Generating Facility** An Interconnection Customer's Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

**Generating Facility Capacity** The capacity of the Generating Facility and the aggregate capacity of the Generating Facility where it includes multiple energy production devices.

**Generating Unit** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is:

- (a) located within the ISO Control Area;
- (b) connected to the ISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities; and

(c) that is capable of producing and delivering net Energy  
(Energy in excess of a generating station's internal power  
requirements).

**Generation**

Energy delivered from a Generating Unit.

**Generator**

The seller of Energy or Ancillary Services produced by a  
Generating Unit.

**GMM (Generation Meter  
Multiplier)**

A number which when multiplied by a Generating Unit's  
Metered Quantity will give the total Demand to be served from  
that Generating Unit.

**Good Utility Practice**

Any of the practices, methods, and acts engaged in or  
approved by a significant portion of the electric utility industry  
during the relevant time period, or any of the practices,  
methods, and acts which, in the exercise of reasonable  
judgment in light of the facts known at the time the decision  
was made, could have been expected to accomplish the

**Incremental Change**

The change in dollar value of a specific charge type from the Preliminary Settlement Statement to the Final Settlement Statement including any new charge types or Trading Day charges appearing for the first time on the Final Settlement Statement.

**In-Service Date**

The date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Participating TO Interconnection Facilities to obtain back feed power.

**Instructed Imbalance Energy**

The real-time change in Generation output or Demand (from dispatchable Generating Units, System Units, System Resources or Loads) which is instructed by the ISO to ensure that reliability of the ISO Control Area is maintained in accordance with Applicable Reliability Criteria. Sources of Imbalance Energy include Spinning and Non-Spinning Reserves, Replacement Reserve, and Energy from other dispatchable Generating Units, System Units, System Resources or Loads that are able to respond to the ISO's request for more or less Energy.

**Inter-Scheduling Coordinator Ancillary Service Trades**

Ancillary Service transactions between Scheduling Coordinators.

**Inter-Scheduling Coordinator Energy Trades**

Energy transactions between Scheduling Coordinators.

**Inter-Zonal Congestion**

Congestion across an Inter-Zonal Interface.



**Interconnection Agreement**

A contract between a party requesting interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.

**Interconnection Customer**

Any entity, including a Participating TO or any of its Affiliates or subsidiaries, that proposes to interconnect its Generating Facility with the ISO Controlled Grid.

**Interconnection Customer's Interconnection Facilities**

All facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Customer's Interconnection Facilities are sole use facilities.

**Interconnection Facilities**

The Participating TO's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the ISO Controlled Grid. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

**Interconnection Facilities Study**

A study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer to determine a list of facilities (including the Participating TO's Interconnection Facilities, Network Upgrades, and Distribution Upgrades), the cost of those facilities, and the time required to interconnect the Generating Facility with the ISO Controlled Grid. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

**Interconnection Facilities Study Agreement**

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Facilities Study.

**Interconnection Feasibility Study**

A preliminary evaluation conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer of the system impact and cost of interconnecting the Generating Facility to the ISO Controlled Grid, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

**Interconnection Feasibility Study Agreement**

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection Feasibility Study.

**Interconnection Handbook**

A handbook, developed by the Participating TO and posted on the Participating TO's web site or otherwise made available by the Participating TO, describing technical and operational requirements for wholesale generators and loads connected to the Participating TO's portion of the ISO Controlled Grid, as such handbook may be modified or superseded from time to time. Participating TO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. In the event of a conflict between the terms of the LGIP and the terms of the Participating TO's Interconnection Handbook, the terms in the LGIP shall apply.

**Interconnection Request**

An Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with Section 5.7.1 of the ISO Tariff.

**Interconnection Service**

The service provided by the Participating TO and ISO associated with interconnecting the Interconnection Customer's Generating Facility to the ISO Controlled Grid and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement, the Participating TO's TO Tariff, and the ISO Tariff.

**Interconnection Study**

Any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

**Interconnection System Impact Study**

An engineering study conducted by the Participating TO(s), ISO, or a third party consultant for the Interconnection Customer that evaluates the impact of the proposed interconnection on the safety and reliability of the ISO Controlled Grid and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

**Interconnection System Impact Study Agreement**

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Interconnection System Impact Study.

**Interest**

Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii) (1996). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment, except as provided in SABP 6.10.5. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

<b><u>Interruptible Imports</u></b>	Energy sold by a Generator or resource located outside the ISO Controlled Grid which by contract can be interrupted or reduced at the discretion of the seller.
<b><u>Intra-Zonal Congestion</u></b>	Congestion within a Zone.
<b><u>IOU</u></b>	An investor owned electric utility.
<b><u>ISO (Independent System Operator)</u></b>	The California Independent System Operator Corporation, a state chartered, nonprofit corporation that controls the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
<b><u>ISO Account</u></b>	The ISO Clearing Account, the ISO Reserve Account or such other trust accounts as the ISO deems necessary or convenient for the purpose of efficiently implementing the funds transfer system under the ISO Tariff.
<b><u>ISO ADR Committee</u></b>	The Committee appointed by the ISO ADR Committee pursuant to Article IV, Section 3 of the ISO bylaws to perform functions assigned to the ISO ADR Committee in the ADR process in Section 13 of the ISO Tariff.

**ISP (Internet Service Provider)**

An independent network service organization engaged by the ISO to establish, implement and operate WEnet.

**Large Generating Facility**

A Generating Facility having a Generating Facility Capacity of more than 20 MW.

**Load**

An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.

**Load Shedding**

The systematic reduction of system Demand by temporarily decreasing the supply of Energy to Loads in response to transmission system or area capacity shortages, system instability, or voltage control considerations.

**Local Furnishing Bond**

Tax-exempt bonds utilized to finance facilities for the local furnishing of electric energy, as described in section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).

**Local Furnishing Participating TO**

Any Tax-Exempt Participating TO that owns facilities financed by Local Furnishing Bonds.

**Local Publicly Owned Electric Utilities**

A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal utility district furnishing electric service, a public utility district furnishing electric services, an irrigation district furnishing electric services, a state agency or subdivision furnishing electric services, a rural cooperative furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

**Master File**

A file containing information regarding Generating Units, Loads and other resources.

**Material Modification**

Those modifications that have a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.

**Meter Data**

Energy usage data collected by a metering device or as may be otherwise derived by the use of Approved Load Profiles.

**Meter Points**

Locations on the ISO Controlled Grid at which the ISO requires the collection of Meter Data by a metering device.

**Metered Control Area Load**

For purposes of calculating and billing the Grid Management Charge, Metered Control Area Load is:

(a) all metered Demand for Energy of Scheduling Coordinators for the supply of Loads in the ISO's Control Area, plus (b) all Energy for exports by Scheduling Coordinators from the ISO Control Area; less (c) Energy associated with the Load of a retail customer of a Scheduling Coordinator, UDC, or MSS that is served by a Generating Unit that: (i) is located on the same site as the customer's Load or provides service to the customer's Load through arrangements as authorized by Section 218 of the California Public Utilities Code; (ii) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (iii) the customer secures Standby Service from a Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or the customer's Load can be curtailed concurrently with an outage of the Generating Unit.

**Network Upgrades**

The additions, modifications, and upgrades to the ISO Controlled Grid required at or beyond the Point of Interconnection to accommodate the interconnection of the Large Generating Facility to the ISO Controlled Grid. Network Upgrades shall consist of Delivery Network Upgrades and Reliability Network Upgrades.

**New High Voltage Facility**

A High Voltage Transmission Facility of a Participating TO that is placed in service after the beginning of the transition period described in Section 4 of Schedule 3 of Appendix F, or a capital addition made and placed in service after the beginning of the transition period described in Section 4.2 of Schedule 3 of Appendix F to an Existing High Voltage Facility.

**New Participating TO**

A Participating TO that is not an Original Participating TO.

**Nomogram**

A set of operating or scheduling rules which are used to ensure that simultaneous operating limits are respected, in order to meet NERC and WECC operating criteria.



**Operating Reserve**

The combination of Spinning and Non-Spinning Reserve required to meet WECC and NERC requirements for reliable operation of the ISO Control Area.

**Operating Transfer Capability**

The maximum capability of a transmission path to transmit real power, expressed in MW, at a given point in time.

**Operational Control**

The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.

**Operator**

The operator of facilities that comprise the ISO Controlled Grid or a Participating Generator.

**OPF (Optimal Power Flow)**

A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating Constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.

**Optional Interconnection Study**

A sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

**Optional Interconnection Study Agreement**

The form of agreement accepted by FERC and posted on the ISO Home Page for conducting the Optional Interconnection Study.

**Order No. 888**

The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time

**Participating Buyer**

A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.

**Participating Intermittent Resource**

One or more Eligible Intermittent Resources that meets the requirements of the technical standards for Participating Intermittent Resources adopted by the ISO and published on the ISO Home Page.

**Participating Load**

An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.

**Participating Seller or Participating Generator**

A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.

**Participating TO's Interconnection Facilities**

All facilities and equipment owned, controlled, or operated by the Participating TO from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Participating TO's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

v) metered output is available only for the combined output of related multiple generating components and separate generating component metering is either impractical or economically inefficient.

**PMS (Power Management System)**

The ISO computer control system used to monitor the real-time performance of the various elements of the ISO Controlled Grid, control Generation, and perform operational power flow studies.

**Point of Change of Ownership**

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Participating TO's Interconnection Facilities.

**Point of Interconnection**

The point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the ISO Controlled Grid.

**Power Flow Model**

The computer software used by the ISO to model the voltages, power injections and power flows on the ISO Controlled Grid and determine the expected Transmission Losses and Generation Meter Multipliers.

**Preferred Day-Ahead Schedule**

A Scheduling Coordinator's Preferred Schedule for the ISO Day-Ahead scheduling process.

**Preferred Hour-Ahead Schedule**

A Scheduling Coordinator's Preferred Schedule for the ISO Hour-Ahead scheduling process.

**Preferred Schedule**

The initial Schedule produced by a Scheduling Coordinator that represents its preferred mix of Generation to meet its Demand. For each Generator, the Schedule will include the quantity of output, details of any Adjustment Bids, and the location of the Generator. For each Load, the Schedule will include the quantity of consumption, details of any Adjustment Bids, and the location of the Load. The Schedule will also specify quantities and location of trades between the Scheduling Coordinator and all other Scheduling Coordinators. The Preferred Schedule will be balanced with respect to Generation, Transmission Losses, Load and trades between Scheduling Coordinators.

**Queue Position**

The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the ISO.

**Ramping**

Changing the loading level of a Generating Unit in a constant manner over a fixed time (e.g., ramping up or ramping down). Such changes may be directed by a computer or manual control.

**RAS (Remedial Action Schemes)**

Protective systems that typically utilize a combination of conventional protective relays, computer-based processors, and telecommunications to accomplish rapid, automated response to unplanned power system events. Also, details of RAS logic and any special requirements for arming of RAS schemes, or changes in RAS programming, that may be required.

**Reactive Power Control**

Generation or other equipment needed to maintain acceptable voltage levels on the ISO Controlled Grid and to meet reactive capacity requirements at points of interconnection on the ISO Controlled Grid.

**Real Time Market**

The competitive generation market controlled and coordinated by the ISO for arranging real-time Imbalance Energy.

**Redispatch**

The readjustment of scheduled Generation or Demand side management measures, to relieve Congestion or manage Energy imbalances.

**Registered Data**

Those items of technical data and operating characteristics relating to Generation, transmission or distribution facilities which are identified to the owners of such facilities as being information, supplied in accordance with ISO Protocols, to assist the ISO to maintain reliability of the ISO Controlled Grid and to carry out its functions.

**Reliability Must-Run  
Contract (RMR Contract)**

A Must-Run Service Agreement between the owner of an RMR Unit and the ISO.

**Reliability Must-Run  
Generation (RMR  
Generation)**

Generation that the ISO determines is required to be on line to meet Applicable Reliability Criteria requirements. This includes

- i) Generation constrained on line to meet NERC and WECC reliability criteria for interconnected systems operation;
- ii) Generation needed to meet Load demand in constrained areas; and
- iii) Generation needed to be operated to provide voltage or security support of the ISO or a local area.

**Reliability Must-Run Unit  
(RMR Unit)**

A Generating Unit which is the subject of a Reliability Must-Run Contract.

**Reliability Network  
Upgrades**

The transmission facilities at or beyond the Point of Interconnection necessary to interconnect a Large Generating Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the ISO Controlled Grid. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

**Reliability Services Costs**

The costs associated with services provided by the ISO: 1) that are deemed by the ISO as necessary to maintain reliable electric service in the ISO Control Area; and 2) whose costs are billed by the ISO to the Participating TO pursuant to the ISO Tariff. Reliability Services Costs include costs charged by the ISO to a Participating TO associated with service provided



under an RMR Contract (Section 5.2.8), local out-of-market dispatch calls (Section 11.2.4.2.1) and Minimum Load Costs associated with units committed under the must-offer obligation for local reliability requirements (Section 5.11.6.1.4)

**REMnet**

The Wide Area Network through which the ISO acquires Meter Data.

**Replacement Reserve**

Generating capacity that is dedicated to the ISO, capable of starting up if not already operating, being synchronized to the ISO Controlled Grid, and Ramping to a specified operating level within a sixty (60) minute period, the output of which can be continuously maintained for a two hour period. Also, Curtailable Demand that is capable of being curtailed within sixty minutes and that can remain curtailed for two hours.

**Resource-Specific  
Settlement Interval Ex  
Post Price**

The Resource-Specific Settlement Interval Ex Post Price will equal the Energy-weighted average of the applicable Dispatch Interval Ex Post Prices for each Settlement Interval taking into account each resource's Instructed Imbalance Energy, except Regulation Energy. The Resource-Specific Settlement Interval Ex Post Price shall apply to those resources that are capable of responding to ISO Dispatch Instructions.

**Scheduling Point**

A location at which the ISO Controlled Grid is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the ISO's Operational Control. A Scheduling Point typically is physically located at an "outside" boundary of the ISO Controlled Grid (e.g., at the point of interconnection between a Control Area utility and the ISO Controlled Grid). For most practical purposes, a Scheduling Point can be considered to be a Zone that is outside the ISO's Controlled Grid.

**Scoping Meeting**

The meeting among representatives of the Interconnection Customer, the applicable Participating TO, and the ISO conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

**Security Monitoring**

The real-time assessment of the ISO Controlled Grid that is conducted to ensure that the system is operating in a secure state, and in compliance with all Applicable Reliability Criteria.

**Service Area**

An area in which an IOU or a Local Publicly Owned Electric Utility is obligated to provide electric service to End-Use Customers.

**Set Point**

Scheduled operating level for each Generating Unit or other resource scheduled to run in the Hour-Ahead Schedule.

Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

**Standard Large Generator Interconnection Agreement (LGIA)**

The form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility.

**Standard Large Generator Interconnection Procedures (LGIP)**

The ISO Protocol that sets forth the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the ISO Tariff.

**Standard Ramp (-ing)**

A ramp calculated from two consecutive Final Hour Ahead Schedules that results in a straight trajectory between 10 minutes before the start of an operating hour to 10 minutes after the start of the operating hour

**Standby Rate**

A rate assessed a Standby Service Customer by the Participating TO that also provides retail electric service, as approved by the Local Regulatory Authority, or FERC, as applicable, for Standby Service which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities.

**Standby Service**

Service provided by a Participating TO that also provides retail electric service, which allows a Standby Service Customer, among other things, access to High Voltage Transmission Facilities for the delivery of backup power on an instantaneous basis to ensure that Energy may be reliably delivered to the Standby Service Customer in the event of an outage of a Generating Unit serving the customer's Load.

**Standby Service Customer**

A retail End-Use Customer of a Participating TO that also provides retail electric service that receives Standby Service and pays a Standby Rate.

**Standby Transmission  
Revenue**

The transmission revenues, with respect to cost of both High Voltage Transmission Facilities and Low Voltage Transmission Facilities, collected directly from Standby Service Customers through charges for Standby Service.

**Severance Fee**

The charge or periodic charge assessed to customers to recover the reasonable uneconomic portion of costs associated with Generation-related assets and obligations, nuclear decommissioning, and capitalized Energy efficiency investment programs approved prior to August 15, 1996 and as defined in the California Assembly Bill No. 1890 approved by the Governor on September 23, 1996.

**Site Control**

Documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

**Scheduling and Logging system for the ISO of California (SLIC)**

A logging application that allows Market Participants to notify the ISO when a unit's properties change due to physical problems. Users can modify the maximum and minimum output of a unit, as well as the ramping capability of the unit.

**Small Generating Facility**

A Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

**Spinning Reserve**

The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.

<b><u>Start-Up Cost Charge</u></b>	The charge determined in accordance with Section 2.5.23.3.7.
<b><u>Start-Up Cost Demand</u></b>	The level of Demand specified in Section 2.5.23.3.7.3.
<b><u>Start-Up Cost Invoice</u></b>	The invoice submitted to the ISO in accordance with Section 2.5.23.3.7.6.
<b><u>Start-Up Cost Trust Account</u></b>	The trust account established in accordance with Section 2.5.23.3.7.2.
<b><u>Start-Up Costs</u></b>	<p>The cost incurred by a particular Generating Unit from the time of first fire, the time of receipt of an ISO Dispatch instruction, or the time the unit was last synchronized to the grid, whichever is later, until the time the generating unit reaches its minimum operating level. Start-Up Costs are determined as the sum of (1) the cost of auxiliary power used during the start-up and (2) the number that is determined multiplying the actual amount of fuel consumed by the proxy gas price as determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant Service Area (San Diego Gas &amp; Electric Company, Southern California Gas Company, or Pacific Gas and Electric Company), or, if the Must-Offer Generator is not served from one of those three Service Areas, from the nearest of those three Service Areas.</p>

**System Emergency**

Conditions beyond the normal control of the ISO that affect the ability of the ISO Control Area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of system elements which might result in cascading Outages or to restore system operation to meet the minimum operating reliability criteria.

**System Planning Studies**

Reports summarizing studies performed to assess the adequacy of the ISO Controlled Grid as regards conformance to Reliability Criteria.

**System Reliability**

A measure of an electric system's ability to deliver uninterrupted service at the proper voltage and frequency.

**System Resource**

A group of resources, single resource, or a portion of a resource located outside of the ISO Control Area, or an allocated portion of a Control Area's portfolio of generating resources that are directly responsive to that Control Area's Automatic Generation Control (AGC) capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid.

**System Unit**

One or more individual Generating Units and/or Loads within a Metered Subsystem controlled so as to simulate a single resource with specified performance characteristics, as mutually determined and agreed to by the MSS Operator and the ISO. The Generating Units and/or Loads making up a System Unit must be in close physical proximity to each other such that the operation of the resources comprising the System Unit does not result in significant differences in flows on the ISO Controlled Grid.



**Transition Charge**

The component of the Access Charge collected by the ISO with the High Voltage Access Charge in accordance with Section 5.7 of Appendix F, Schedule 3.

**Transition Period**

The period of time established by the California Legislature and CPUC to allow IOUs and Local Publicly Owned Electric Utilities an opportunity to recover Transition Costs or Severance Fees.

**Transmission Losses**

Energy that is lost as a natural part of the process of transmitting Energy from Generation to Load delivered at the ISO/UDC boundary or Control Area boundary.

**Transmission Revenue**

**Credit**

For an Original Participating TO, the proceeds received from the ISO for (1) the sum of: (a) Wheeling service, (b) the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols, (c) Usage Charge revenues received by the Participating TO (but not those attributable to the Participating TO as a FTR Holder), plus (d) FTR auction revenues received by the Participating TO; minus (2) any charges attributable to the Participating TO (but not those attributable to the Participating TO as a FTR Holder) pursuant to Section 7.3.1.7. For a New Participating TO during the 10-year transition period described in Section 4 of Schedule 3 of Appendix F, the proceeds received from the ISO for Wheeling service and Net FTR Revenue, plus the shortfall or surplus resulting from any cost differences between Transmission Losses and Ancillary Service requirements associated with Existing Rights and the ISO's rules and protocols. After the 10-year transition period, the New Participating TO Transmission

**TRR (Transmission Revenue Requirement)**

The TRR is the total annual authorized revenue requirements associated with transmission facilities and Entitlements turned over to the Operational Control of the ISO by a Participating TO. The costs of any transmission facility turned over to the Operational Control of the ISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be actually received by the Participating TO for Existing Rights and Converted Rights.

**Trial Operation**

The period during which Interconnection Customer is engaged in on-site test operations and commissioning of a Generating Unit prior to Commercial Operation.

**Trustee**

The trustee of the California Independent System Operator trust established by order of the California Public Utilities Commission on August 2, 1996 Decision No. 96-08-038 relating to the Ex Parte Interim Approval of a Loan Guarantee and Trust Mechanism to Fund the Development of an Independent System Operator (ISO) and a Power Exchange (PX) pursuant to Decision 95-12-063 as modified.

**UDC (Utility Distribution Company)**

An entity that owns a Distribution System for the delivery of Energy to and from the ISO Controlled Grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer.

- times the actual Gross Load of such UDCs and MSS Operators ("Utility-specific HVAC"); or
- (ii) for a Participating TO that is not a UDC or MSS Operator and that does not have Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, then calculate the Participating TO's portion of the total Billed HVAC/TC in subsection (a) based on the ratio of the Participating TO's High Voltage Transmission Revenue Requirement to the sum of all Participating TOs' High Voltage Revenue Requirements.
  - (c) if the total Billed HVAC/TC in subsection (a) received by the ISO less the total dollar amounts calculated in Utility-specific HVAC in subsection (b)(i) and subsection (b)(ii) is different from zero, the ISO shall allocate the positive or negative difference among those Participating TOs that are subject to the calculations in subsection (b)(i) based on the ratio of each Participating TO's High Voltage Transmission Revenue Requirement to the sum of all of those Participating TOs' High Voltage Transmission Revenue Requirements that are subject to the calculations in subsection (b)(i). This monthly distribution amount is the "HVAC Revenue Adjustment";
  - (d) the sum of the HVAC revenue share determined in subsection (b) and the HVAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.
- 10.2** If the same entity is both a Participating TO and a UDC or MSS Operator, then the monthly High Voltage Access Charge and Transition Charge amount billed by the ISO will be the charges payable by the UDC or MSS Operator in accordance with Section 7.1.2 of the ISO Tariff less the disbursement determined in accordance with Section 10.1(d). If this difference is negative, that amount will be paid by the ISO to the Participating TO.
- 11 Determination of Transmission Revenue Requirement Allocation Between High Voltage and Low Voltage Transmission Facilities.**
- 11.1** Each Participating TO shall allocate its Transmission Revenue Requirement between the High Voltage Transmission Revenue Requirement and Low Voltage Transmission Revenue Requirement based on the Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges contained in Section 12 of this Schedule.

**12 Procedure for Division of Certain Costs Between the High and Low Voltage Transmission Access Charges.**

**12.1 Division of Costs:**

**(a) Substations**

Costs for substations and substation equipment, including transformers:

- (i) If the Participating TO has substation TRR information by facility and voltage, then the TRR for facilities and equipment at or above 200 kV should be allocated to the HVTRR and the TRR for facilities and equipment below 200 kV should be allocated to the LVTRR;
- (ii) If the Participating TO has substation TRR information by facility but not by voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the ratio of gross substation investment allocated to HVTRR to gross substation investment allocated to LVTRR pursuant to Section 12.1(a)(i); or
- (iii) If the Participating TO does not have substation TRR information by facility or voltage, then the TRR for facilities and equipment should be allocated to the HVTRR and to the LVTRR based on the Participating TO's transmission system-wide gross plant ratio. The system-wide gross plant ratio is determined once the costs that can be split between High Voltage and Low Voltage for all facilities has been developed in accordance with Sections 12.1(a) through (c), then the resulting cost ratio between High Voltage and Low Voltage shall be used as the system-wide gross plant ratio.
- (iv) Costs of transformers that step down from high voltage (200 kV or above) to low voltage, to the extent the Participating TO does not have the revenue requirement information available on a voltage basis, should be allocated consistent with the procedures for substations addressed above.

**(b) Transmission Towers and Land with Circuits on Multiple Voltages**

For transmission towers that have both High Voltage and Low Voltage facilities on the same tower, the cost of these assets should be allocated two-thirds to the HVTRR and one-third to the LVTRR. If the transmission tower has only High Voltage facilities, then the costs of these assets should be allocated entirely to the HVTRR. If the transmission tower has only Low Voltage facilities, then the TRR of these assets should be allocated entirely to the LVTRR. Provided that the Participating TO does not have land cost information available on a voltage

basis, in which case the costs should be allocated based on the bright-line of the voltage levels, the costs for land used for transmission rights-of-way for towers that have both High Voltage and Low Voltage wires should be allocated two-thirds to the HVTRR component and one-third to the LVTRR.

(c) Operation and Maintenance, Transmission Wages & Salaries, Taxes, Depreciation and Amortization, and Capital Costs

If the Participating TO can delineate costs for transmission operations and maintenance (O&M), transmission wages and salaries, taxes, depreciation and amortization, or capital costs on a voltage basis, the costs shall be applied on a bright-line voltage basis. If the costs for O&M, transmission wages and salaries, taxes, depreciation and amortization, or capital costs, are not available on voltage levels, the allocation to the HVTRR and the LVTRR should be based on the Participating TO's system-wide gross plant ratio defined in Section 12.1(a).

(d) Existing Transmission Contracts

If the take-out point for the Existing Contract is a High Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR of the Participating TO receiving such revenue. Similarly, the Participating TO that is paying charges under such an Existing Contract may include the costs in its HVTRR. If the take-out point for the Existing Contract is a Low Voltage Transmission Facility, the Existing Contract revenue will be credited to the HVTRR and the LVTRR of the receiving Participating TO based on the ratio of the Participating TO's HVTRR to its LVTRR, prior to any adjustments for such revenues. The Participating TO that is paying the charges under the Existing Contract will include the costs in its HVTRR and LVTRR in the same ratio as the revenues are recognized by the Participating TO receiving the payments.

(e) Division of the TRBAA between HVTRR and LVTRR

- (i) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at High Voltage Scheduling Points or Take-Out Points shall be reflected as High Voltage components;
- (ii) Wheeling revenues associated with transactions exiting the ISO Controlled Grid at Low Voltage Scheduling Points or Take-Out Points shall be attributed between High Voltage and Low Voltage TRBAA components based on the High Voltage and Low Voltage Wheeling Access Charge rates assessed to such transactions by the ISO and/or the Participating TO;

- (iii) FTR revenues shall be assigned to High Voltage or Low Voltage components based on the voltage of the path related to the FTR;
- (iv) Usage Charge revenues shall be allocated between High Voltage and Low Voltage components on a gross plant basis; and
- (v) Other Transmission Revenue Credits shall be allocated between High Voltage and Low Voltage components on a gross plant basis.

**OCP 1.3      Scope**

**OCP 1.3.1      Scope of Application to Parties**

OCP applies to the ISO and to the following:

- (a) Operators;
- (b) Participating Generators;
- (c) Connected Entities, to the extent the agreement between the Connected Entity and the ISO so provides; and
- (d) Utility Distribution Companies (UDCs).

**OCP 1.3.2      [Not Used]**

**OCP 1.3.3      Liability of the ISO**

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

**OCP 1.3.4      California Department of Water Resources**

The provisions of Section 2.3., and the provisions of the Outage Coordination Protocol, shall apply to the California Department of Water Resources ("CDWR"). However, the ISO's authority to deny a requested change to an Approved Maintenance Outage, or cancel an Approved Maintenance Outage, relating to hydroelectric Generating Units owned and operated by the CDWR, shall be limited as set forth in Section 2.3.3.1.1 of the ISO Tariff.

**OCP 2            PLANNING OF GENERATING UNIT OUTAGES**

**OCP 2.1        Reporting for Regulatory Must-Take Generation**

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.

**OCP 2.2        Data to ISO**

All information submitted in relation to planned Generating Unit Outages must be submitted in accordance with OCP 7.

**ISO ENFORCEMENT PROTOCOL**

**Table of Contents**

<b>EP 1</b>	<b>OBJECTIVES, DEFINITIONS, AND SCOPE</b>	<b>860</b>
<b>EP 1.1</b>	<b>Purpose</b>	<b>860</b>
<b>EP 1.2</b>	<b>Objectives</b>	<b>860</b>
<b>EP 1.3</b>	<b>Master Definitions Supplement</b>	<b>860</b>
<b>EP 1.4</b>	<b>Special Terms for This Protocol</b>	<b>860</b>
<b>EP 1.5</b>	<b>Rules of Interpretation</b>	<b>861</b>
<b>EP 1.6</b>	<b>Scope</b>	<b>861</b>
<b>EP 1.7</b>	<b>Liability of ISO</b>	<b>862</b>
<b>EP 1.8</b>	<b>Application of Other Remedies</b>	<b>862</b>
<b>EP 1.9</b>	<b>FERC Authority</b>	<b>862</b>
<b>EP 1.10</b>	<b>Administration of the EP</b>	<b>862</b>
<b>EP 2</b>	<b>COMPLY WITH OPERATING ORDERS</b>	<b>863</b>
<b>EP 2.1</b>	<b>Compliance with Orders Generally</b>	<b>863</b>
<b>EP 2.2</b>	<b>Failure to Curtail Load</b>	<b>863</b>
<b>EP 2.3</b>	<b>Operations &amp; Maintenance Practices</b>	<b>863</b>
<b>EP 2.4</b>	<b>Must-Offer Denials/Revocations</b>	<b>864</b>
<b>EP 2.5</b>	<b>Enhancements and Exceptions</b>	<b>864</b>
<b>EP 2.6</b>	<b>Per-Day Limitation on Amount of Sanctions</b>	<b>864</b>
<b>EP 3</b>	<b>SUBMIT FEASIBLE ENERGY AND ANCILLARY SERVICE BIDS AND SCHEDULES</b>	<b>864</b>
<b>EP 3.1</b>	<b>Bidding Generally</b>	<b>864</b>
<b>EP 3.2</b>	<b>Exceptions</b>	<b>866</b>
<b>EP 4</b>	<b>COMPLY WITH AVAILABILITY REPORTING REQUIREMENTS</b>	<b>866</b>
<b>EP 4.1</b>	<b>Reporting Availability</b>	<b>866</b>
<b>EP 4.2</b>	<b>Scheduling and Final Approval of Outages</b>	<b>866</b>
<b>EP 4.3</b>	<b>Explanation of Forced Outages</b>	<b>867</b>
<b>EP 4.4</b>	<b>Enhancements and Exceptions</b>	<b>867</b>



<b>EP 5</b>	<b>PROVIDE FACTUALLY ACCURATE INFORMATION</b>	<b>867</b>
<b>EP 5.1</b>	<b>Accurate Information Generally</b>	<b>867</b>
<b>EP 5.2</b>	<b>Inaccurate Meter Data</b>	<b>868</b>
<b>EP 6</b>	<b>PROVIDE INFORMATION REQUIRED BY ISO TARIFF</b>	<b>868</b>
<b>EP 6.1</b>	<b>Required Information Generally</b>	<b>868</b>
<b>EP 6.2</b>	<b>Investigation Information</b>	<b>869</b>
<b>EP 6.3</b>	<b>Audit Materials</b>	<b>869</b>
<b>EP 6.4</b>	<b>Review by FERC</b>	<b>870</b>
<b>EP 7</b>	<b>NO MARKET MANIPULATION</b>	<b>870</b>
<b>EP 7.1</b>	<b>Market Manipulation Generally</b>	<b>870</b>
<b>EP 7.2</b>	<b>Wash Trades</b>	<b>870</b>
<b>EP 7.3</b>	<b>False Information</b>	<b>871</b>
<b>EP 7.4</b>	<b>Artificial Congestion</b>	<b>871</b>
<b>EP 7.5</b>	<b>Collusion</b>	<b>871</b>
<b>EP 8</b>	<b>PROCESS FOR INVESTIGATION AND ENFORCEMENT</b>	<b>871</b>
<b>EP 8.1</b>	<b>Purpose; Scope</b>	<b>871</b>
<b>EP 8.2</b>	<b>Referrals to FERC</b>	<b>871</b>
<b>EP 8.3</b>	<b>Investigation</b>	<b>871A</b>
<b>EP 8.4</b>	<b>Notice</b>	<b>871A</b>
<b>EP 8.5</b>	<b>Opportunity to Present Evidence</b>	<b>871A</b>
<b>EP 8.6</b>	<b>Results of Investigation</b>	<b>871A</b>
<b>EP 8.7</b>	<b>Statement of Findings and Conclusions</b>	<b>871B</b>
<b>EP 8.8</b>	<b>Officer Representative</b>	<b>871B</b>
<b>EP 8.9</b>	<b>Record of Investigation</b>	<b>871B</b>
<b>EP 8.10</b>	<b>Review of Determination</b>	<b>871B</b>
<b>EP 9</b>	<b>ADMINISTRATION OF SANCTIONS</b>	<b>872</b>
<b>EP 9.1</b>	<b>Assessment; Waivers and Adjustments</b>	<b>872</b>
<b>EP 9.2</b>	<b>Excuse</b>	<b>872</b>
<b>EP 9.3</b>	<b>Settlement</b>	<b>873</b>
<b>EP 9.4</b>	<b>Disposition of Proceeds</b>	<b>874</b>

<b>EP 10</b>	<b>MISCELLANEOUS</b>	<b>874</b>
<b>EP 10.1</b>	<b>Time Limitation</b>	<b>874</b>
<b>EP 10.2</b>	<b>No Limitation on Other Rights</b>	<b>875</b>
<b>EP 10.3</b>	<b>Amendments</b>	<b>875</b>

- (b) **“Market Behavior Rules”** mean those rules established by FERC under Docket No. EL01-118.
- (c) **“Market Manipulation”** has the meaning set forth in EP 7.
- (d) **“Market Monitoring Unit”** means the component of the ISO organization (currently the “Department of Market Monitoring”) that is assigned responsibility in the first instance for the functions of a Market Monitoring Unit, as that term is used in Docket No. EL01-118.
- (e) **“Rules of Conduct”** refers to the rules set forth in EP 2 through EP 7.
- (f) **“Sanction”** is a consequence specified in this EP for the violation of a Rule of Conduct, which may include a) a warning letter notifying the Market Participant of the violation and future consequences specified under this EP if the behavior is not corrected, or b) financial penalties. Neither referral to FERC nor rescission of payment for service not provided shall constitute a Sanction.

#### **EP 1.5 Rules of Interpretation**

Unless the context otherwise requires, if the provisions of this Protocol and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency. Provisions of the ISO Tariff have been summarized or repeated in this Protocol only to aid understanding.

A reference in this Protocol to a given agreement, ISO Protocol, or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented, or restated through the date as of which such reference is made. This EP does not modify the terms of any ISO agreements or the relationship of those agreements to the ISO Tariff.

The captions and headings in this EP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Protocol.

#### **EP 1.6 Scope**

The EP applies to:

- (a) Scheduling Coordinators;
- (b) Utility Distribution Companies (UDCs);
- (c) Metered Subsystems (MSSs);

- (d) Participating Transmission Owners (PTOs);
- (e) Participating Generators;
- (f) Control Area Operators, to the extent the agreement between the Control Area Operator and the ISO so provides;
- (g) Operators;
- (h) Other Market Participants;
- (i) The ISO; and
- (j) FERC

**EP 1.7 Liability of ISO**

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

**EP 1.8 Application of Other Remedies**

The activities and remedies authorized under this Protocol are in addition to any other actions or relief that may be available to the ISO elsewhere in the ISO Tariff or under law, regulation or order. Nothing in this Protocol limits or should be construed to limit the right of the ISO to take action or seek relief otherwise available to it, and such action or relief may be pursued in lieu of or in addition to the action or relief specified in this Protocol.

**EP 1.9 FERC Authority**

In addition to any authority afforded Market Monitoring Unit in this Protocol, FERC shall have the authority to assess the sanctions, and otherwise to enforce the rules as set forth and described in this Protocol. FERC shall have authority to remedy a violation under this Protocol from the date of the violation. Nothing in this Protocol shall be deemed to be a limitation or condition on the authority of FERC or other entities under current law or regulation.

**EP 1.10 Administration of the EP**

The Market Monitoring Unit will administer the Rules of Conduct specified herein, except for EP 7, which shall be administered by FERC, and except as provided in EP 2.5 and EP 4.4. Nothing in this Protocol limits or should be construed to limit the ability of components of the ISO organization other than the Market Monitoring Unit to analyse data and refer matters to the Market Monitoring Unit for enforcement.

**EP 2 COMPLY WITH OPERATING ORDERS**

**EP 2.1 Compliance with Orders Generally**

- (a) **Expected Conduct.** Market Participants must comply with operating orders issued by the ISO as authorized under the ISO Tariff. For purposes of enforcement under this EP 2, an operating order shall be an order(s) from the ISO directing a Market Participant to undertake, a single, clearly specified action (e.g., the operation of a specific device, or change in status of a particular Generating Unit) that is feasible and intended to resolve a specific operating condition. A Market Participant's failure to obey an operating order containing multiple instructions to address a specific operating condition will result in a single violation of EP 2. If some limitation prevents the Market Participant from fulfilling the action requested by the ISO, then the Market Participant must promptly and directly communicate the nature of any such limitation to the ISO. Compliance with ISO operating orders requires a good faith effort to achieve full performance as soon as is reasonably practicable in accordance with Good Utility Practice.
- (b) **Sanctions.** The Sanction for a violation of this Section shall be the greater of the quantity of Energy non-performance multiplied by the applicable Hourly Ex Post Price or the following: for the first violation in a rolling twelve (12) month period, \$5,000; for the second and subsequent violations in a rolling twelve (12) month period, \$ 10,000. Sanctions under EP 2.1 will not be greater than \$10,000 per violation and will be subject to the limitation stated in EP 2.6. If a quantity of energy cannot be objectively determined, then the financial sanctions specified above will apply. A Market Participant may incur Sanctions for more than one violation per day.

**EP 2.2 Failure to Curtail Load**

- (a) **Expected Conduct.** A UDC or MSS Operator shall promptly comply with any ISO operating order to curtail interruptible or firm load issued pursuant to the ISO's authority under Section 4.4.4 of the ISO Tariff.
- (b) **Sanctions.** The Sanction for non-compliance with an operating order to curtail load will be \$10,000 for each violation.

**EP 2.3 Operations & Maintenance Practices**

- (a) **Expected Conduct.** Market Participants shall undertake such operating and maintenance practices as necessary to avoid contributing to a major outage or prolonging response time as indicated by Section 2.3.2.9.3 of the ISO Tariff.

- (b) **Sanctions.** The Sanction for a violation of EP 2.3 will be \$10,000.

**EP 2.4 Must-Offer Denials/Revocations**

- (a) **Expected Conduct.** A Market Participant shall start a Generating Unit and have that Generating Unit operating at minimum load within 30 minutes of the time at which a must-offer waiver revocation becomes effective, or report the derate, outage or other event outside the control of the Market Participant that prevents the Generating Unit from being started by such time. Notwithstanding the foregoing, no violation shall occur unless the Market Participant has been provided advance notice of the waiver revocation consistent with the relevant start-up time set forth in the ISO Master File. A Market Participant that fails to perform in accordance with the expected conduct described in this EP 2.4(a) shall be subject to Sanction.
- (b) **Sanctions.** The Sanctions for a violation of EP 2.4 shall be as follows: for the first violation in a rolling twelve (12) month period, \$5,000; for the second and all subsequent violations in a rolling twelve (12) month period, \$10,000. A Market Participant is limited to one Sanction per Generating Unit per calendar day.

**EP 2.5 Enhancements and Exceptions**

Except as otherwise specifically provided, penalty amounts shall be tripled for any violation of EP 2.1 through EP 2.4 if an ISO System Emergency exists at the time an operating order becomes effective or at any time during the Market Participant's non-performance. Notwithstanding the foregoing, violations of EP 2.1 through EP 2.4 are subject to penalty under this rule only to the extent that the ISO has issued a separate and distinct non-automated Dispatch Instruction to the Market Participant. Any penalty amount that is tripled under this provision and that would exceed the \$10,000 per day penalty limit shall not be levied against a Market Participant until the ISO proposes and the Commission approves such an enhancement. A Market Participant that is subject to an enhanced penalty amount under this EP 2.5 may appeal that penalty amount to FERC if the Market Participant believes a mitigating circumstance not covered in EP 9.2 exists. The duty of the Market Participant to pay the enhanced penalty amount will be tolled until FERC renders its decision on the appeal.

**EP 2.6 Per-Day Limitation on Amount of Sanctions**

The amount of Sanctions that any Market Participant will incur for committing two or more violations of EP 2.1 through EP 2.4 on the same day will be no greater than \$10,000 per day.

**EP 3                    SUBMIT FEASIBLE ENERGY AND ANCILLARY SERVICE BIDS AND SCHEDULES**

**EP 3.1                Bidding Generally**

- (a)    **Expected Conduct.** Market Participants must bid and schedule Energy and Ancillary Services from resources that are reasonably expected to be available and capable of performing at the levels specified in the bid and/or schedule, and to remain available and capable of so performing

- (b) **Sanctions.** The Sanctions for a violation of EP 4.2 shall be as follows: for the first violation within a rolling twelve (12) month period, \$5,000; for subsequent violations within a rolling twelve (12) month period, \$10,000. A "violation" shall mean each Outage undertaken for which all required approvals were not obtained.

**EP 4.3 Explanation of Forced Outages**

- (a) **Expected Conduct.** A Market Participant, within two working days of the commencement of a Forced Outage, must provide an explanation of the Forced Outage to the ISO that includes a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator, in accordance with Section 2.3.3.9.5 of the ISO Tariff. An Operator must promptly provide information requested by the ISO to enable the ISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.
- (b) **Sanctions.** The Sanction for failing to provide a timely explanation of Forced Outage shall be \$500 per day for each day the explanation is late. The Sanction for failing to provide a timely response to information requested shall be as specified in EP 6.1.

**EP 4.4 Enhancements and Exceptions**

Except as otherwise specifically provided, penalty amounts shall be tripled for any violation of EP 4.1 through EP 4.3 that occurs during an ISO System Emergency. Violations of the above rules that result in circumstances in which an Uninstructed Deviation Penalty under Section 11.2.4.1.2 of the ISO Tariff may be assessed shall not be subject to Sanction under this EP 4. A Market Participant that is subject to an enhanced penalty amount under this EP 4.4 may appeal that penalty amount to FERC if the Market Participant believes a mitigating circumstance not covered in EP 9.2 exists. The duty of the Market Participant to pay the enhanced penalty amount will be tolled until FERC renders its decision on the appeal.

**EP 5 PROVIDE FACTUALLY ACCURATE INFORMATION**

**EP 5.1 Accurate Information Generally**

- (a) **Expected Conduct.** All applications, Schedules, reports, and other communications by a Market Participant or agent of a Market Participant to the ISO, including maintenance and outage data, bid data, transaction information, and load and resource information, must be submitted by a responsible company official who is knowledgeable of the facts submitted. The Market Participant shall provide accurate and factual information and not submit false or misleading information, or omit material information, in any communication with FERC, FERC-approved market monitors, FERC-approved regional transmission organizations, or FERC-approved independent system operators, or jurisdictional transmission providers, unless the Market Participant exercised due diligence to prevent such occurrences.



**EP 7.3 False Information**

- (a) **Expected Conduct.** A Market Participant shall not engage in transactions predicated on submitting false information to transmission providers or other entities responsible for operation of the transmission grid (such as inaccurate load or generation data; or scheduling non-firm service or products sold as firm), unless the Market Participant exercised due diligence to prevent such occurrences.
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.4 Artificial Congestion**

- (a) **Expected Conduct.** A Market Participant shall not engage in transactions in which it first creates artificial congestion and then purports to relieve such artificial congestion (unless the Market Participant exercised due diligence to prevent such an occurrence).
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.5 Collusion**

- (a) **Expected Conduct.** Market Participants shall not engage in collusion with another party for the purpose of manipulating market prices, market conditions, or market rules for electric energy or electricity products.
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 8 PROCESS FOR INVESTIGATION AND ENFORCEMENT**

**EP 8.1 Purpose; Scope**

The provisions of this EP 8 set forth the procedures by which the Market Monitoring Unit will independently investigate potential violations of the Rules of Conduct and administer enforcement activities. Except as hereinafter provided, and except as provided in EP 2.5 and EP 4.4, the provisions of this section apply to the Rules of Conduct set forth in EP 2 through EP 7.

**EP 8.2 Referrals to FERC**

EP 7 shall be enforced by FERC, in accordance with FERC's rules and procedures. The Market Monitoring Unit shall refer to FERC and its staff all matters in which it has formed a reasonable belief that a violation of EP 7 may have occurred. Although EP 2 through EP 6 will generally be enforced by the Market Monitoring Unit, the Market Monitoring Unit shall refer to FERC any matter for which the particular circumstances preclude the objective

determination of a Rules of Conduct violation, and shall refer to FERC any Sanction that it believes should be modified in accordance with EP 2.5, EP 4.4, or EP 9.1. The time limitation contained in EP 10.1 to assess a Sanction under this Protocol shall be determined as of the date that a Sanction is initially assessed by the ISO, excluding the time required for FERC to investigate a potential Rules of Conduct violation and/or determine a Sanction in accordance with this section, EP 2.5, EP 4.4, or EP 9.1.

**EP 8.3 Investigation**

The Market Monitoring Unit shall conduct a reasonable investigation seeking available facts, data, and other information relevant to the potential Rules of Conduct violation.

**EP 8.4 Notice**

The Market Monitoring Unit shall provide notice of the investigation in sufficient detail to allow for a meaningful response to the Scheduling Coordinator and, as limited below, to all Market Participants the Scheduling Coordinator represents that are the subject(s) of the investigation. The Market Monitoring Unit shall contact the Market Participant(s) that may be involved, so long as the ISO has sufficient objective information to identify and verify the role of the Market Participant(s) in the potential Rules of Conduct violation. Such Market Participant(s) will likely have an existing contractual relationship with the ISO (e.g., UDC, MSS, ISO Metered Entity, Participating Transmission Owner, Participating Generator, or Participating Load).

**EP 8.5 Opportunity to Present Evidence**

The Market Monitoring Unit shall provide an opportunity to the Market Participant(s) that are the subject(s) of the investigation to present any issues of fact or other information relevant to the potential Rules of Conduct violation being investigated. The Market Monitoring Unit shall consider all such information or data presented.

**EP 8.6 Results of Investigation**

The Market Monitoring Unit shall notify the Market Participant(s) that are the subject(s) of the investigation of the results of the investigation. The Market Participant(s) shall have 30 days to respond to the findings of the Market Monitoring Unit before the Market Monitoring Unit makes a determination of whether a Sanction is required by this EP.

**EP 8.7 Statement of Findings and Conclusions**

Where the investigation results in a Sanction, the Market Monitoring Unit shall state its findings and conclusions in writing, and will make such writing available to the Scheduling Coordinator and, as provided in EP 8.4, to the Market Participant(s) that are the subject(s) of the investigation.

**EP 8.8 Officer Representative**

Where an investigation results in a Sanction by the Market Monitoring Unit, the Market Monitoring Unit shall direct its notice of such result to a responsible representative of the Scheduling Coordinator and, as provided in EP 8.4, to the Market Participant(s) that are the subject(s) of the investigation at the officer level.

**EP 8.9 Record of Investigation**

Where an investigation results in a Sanction, the Market Monitoring Unit will maintain a record of the investigation until its decision has been finally reviewed, if review is sought, or until the period for seeking review has expired.

**EP 8.10 Review of Determination**

A Market Participant that receives a Sanction may obtain immediate review of the Market Monitoring Unit's determination by directly appealing to FERC, in accordance with FERC's rules and procedures. In such case, the applicable Scheduling Coordinator shall also dispute the Preliminary Settlement Statement containing the financial penalty, in accordance with Section 11 of the ISO Tariff. The Preliminary Settlement Statement dispute and appeal to FERC must be made in accordance with the timeline for raising disputes specified in Section 11.7.2 of the ISO Tariff. The penalty will be tolled until FERC renders its decision on the appeal. The disposition by FERC of such appeal shall be final, and no separate dispute of such Sanction may be initiated under Section 13 of the ISO Tariff, except as provided in EP 9.3(d). For the purpose of applying the time limitations set forth in EP 10.1, a sanction will be considered assessed when it is included on a Preliminary Settlement Statement, whether or not the ISO accepts a Scheduling Coordinator's dispute of such Preliminary Settlement Statement pending resolution of an appeal to FERC in accordance with this section or EP 9.3(c).

**EP 9 ADMINISTRATION OF SANCTIONS**

**EP 9.1 Assessment; Waivers and Adjustments**

Penalty amounts for violation of these Rules of Conduct shall be calculated as specified in EP 2 through 7. A Sanction specified in this EP may be modified by FERC when it determines that such adjustment is just and reasonable. The ISO may make a recommendation to FERC to modify a Sanction. An adjustment generally shall be deemed appropriate if the prescribed Sanction appears to be insufficient to deter the prohibited behavior, or if the circumstances suggest that the violation was inadvertent, unintentional, or some other mitigating circumstances exist.

**EP 9.2 Excuse**

The following circumstances shall excuse a violation of a Rule of Conduct under the terms of this Protocol:

- (a) **Uncontrollable Force.** No failure by a Market Participant to satisfy the Rules of Conduct shall be subject to penalty to the extent and for the period that the Market Participant's inability to satisfy the Rules of Conduct is caused by an event or condition of Uncontrollable Force affecting the Market Participant; provided that the Market Participant gives notice to the ISO of the event or condition of Uncontrollable Force as promptly as possible after it knows of the event or condition and makes all reasonable efforts to cure, mitigate, or remedy the effects of the event or condition.
- (b) **Safety, Licensing, or Other Requirements.** Failure by a Market Participant to perform its obligations shall not be subject to penalty if the Market Participant is able to demonstrate that it was acting in accordance with Section 2.3.1.2.1 of the ISO Tariff.
- (c) **Emergencies.** Failure by a Market Participant to perform its obligations may not be subject to penalty if the Market Participant is able to demonstrate that it was acting in good faith and consistent with Good Utility Practice to preserve System Reliability in a System Emergency, unless contrary to an ISO operating order.
- (d) **Conflicting Directives.** To the extent that any action or omission by a Market Participant is specifically required by a FERC Order or ISO operating order, the Market Participant may not be subject to penalty for that act or omission.

**EP 9.3 Settlement**

- (a) **Settlement Statements.** The ISO will administer any penalties issued under this Enforcement Protocol through Preliminary Settlement Statements, and Final Settlement Statements issued to the responsible Scheduling Coordinator by the ISO. Before invoicing a financial penalty through the Settlement process, the ISO will provide a description of the penalty to the responsible Scheduling Coordinator and all Market Participants the Scheduling Coordinator represents that are liable for the penalty, when the ISO has sufficient objective information to identify and verify responsibility of such Market Participants. The ISO shall specify whether such penalty is **modified** pursuant to EP 2.5, EP 4.4, or EP 9.1. The description shall include the identity of the Market Participant that committed the violation and the amount of the penalty. Where FERC has determined the Sanction, the ISO will provide such of the above information as is provided to it by FERC. The ISO also may publish this information under the ISO Home Page after Final Settlement Statements are issued.
- (b) **Payment.** Except as provided in EP 2.5, EP 4.4, EP 8.10, or EP 9.3(c) below, the Scheduling Coordinator shall be obligated to pay all penalty amounts reflected on the Preliminary and Final Settlement Statements to the ISO pursuant to the ISO's Settlement process, as set forth in Section 11 of the ISO Tariff.
- (c) **Other Responsible Party.** Where a party or parties other than the Scheduling Coordinator is responsible for the conduct giving rise to a penalty reflected on a Preliminary or Final Settlement Statement, and where the Scheduling Coordinator bears no responsibility for the conduct, such other party or parties ultimately shall be liable for the penalty. Under such circumstances, the Scheduling Coordinator shall use reasonable efforts to obtain payment of the penalty from the responsible party(ies) and to remit such payment to the ISO in the ordinary course of the settlement process. In the event that the responsible party(ies) wish to dispute the penalty, or the Scheduling Coordinator otherwise is unable to obtain payment from the responsible parties, the Scheduling Coordinator shall notify the ISO and dispute the Preliminary Settlement Statement. The ISO promptly shall notify FERC. If the ISO finds that a Market Participant separate from the Scheduling Coordinator that is unable to obtain payment from the responsible party(ies) is solely responsible for a violation, the Scheduling Coordinator that is unable to obtain payment may net its payment of its Invoice amount by the amount of the penalty in question. The ISO may refuse to offer further service to any responsible party that fails to pay a penalty, unless excused under the terms of the Tariff or this Enforcement Protocol, by providing notice of such refusal to the Scheduling Coordinator. Following such notice, the Scheduling Coordinator shall be liable for any subsequent penalties assessed on account of such responsible party.

**DSP 6 OPERATING AND SCHEDULING REQUIREMENTS**

- DSP 6.1** For any operating hour for which Energy, Supplemental Energy, and/or Ancillary Services (and associated Energy) is scheduled dynamically to the ISO from the System Resource, a firm (or non-interruptible for that hour) matching transmission service must be reserved across the entire dynamic schedule transmission path external to the ISO Control Area.
- DSP 6.2** All dynamic schedules associated with newly implemented dynamically scheduled System Resources must be electronically tagged (e-tagged).
- DSP 6.3** Formal inter-Control Area dynamic schedules may be issued only by the dynamically scheduled System Resource's Host Control Area and must be routed through the EMSs of all Intermediary Control Areas (such schedules would be considered "wheel-through" schedules by Intermediary Control Areas).
- DSP 6.4** The ISO will treat dynamically scheduled Energy as a resource contingent firm import. The ISO will procure (or allow for self-provision of) WECC MORC-required Operating Reserves for loads served by dynamically scheduled System Resources.
- DSP 6.5** All Energy schedules associated with dynamically scheduled imports of Spinning Reserve and Non-Spinning Reserve will be afforded similar treatment (i.e., resource contingent firm).
- DSP 6.6** The dynamic signal must be integrated over time by the Host Control Area for every operating hour.
- DSP 6.7** Notwithstanding any dispatches of the System Resource in accordance with the ISO Tariff, the ISO shall have the right to issue operating orders to the System Resource either directly or through the Host Control Area for emergency or contingency reasons, or to ensure the ISO's compliance with operating requirements based on WECC or NERC requirements and policies (e.g., WECC's Unscheduled Flow Reduction Procedure). However, such operating orders may be issued only within the range of the ISO-accepted Energy, Ancillary Services, and/or Supplemental Energy Schedules and bids for a given operating hour (or the applicable "sub-hour" interval).
- DSP 6.8** If there is no dynamic schedule in the ISO's Day-Ahead, Hour-Ahead, or Supplemental Energy markets, the dynamic signal must be at "zero" ("0") except when in response to ISO's Dispatch Instructions associated with accepted Ancillary Services and/or Supplemental Energy bids.
- DSP 6.9** The SC of the dynamically scheduled System Resource must have the ability to override the associated dynamic schedule in order to respond to the operating orders of the ISO or the Host Control Area.
- DSP 6.10** Unless the dynamically scheduled System Resource (1) is implemented as a directly-telemetered load-following functionality, (2) is base-loaded Regulatory Must Take Generation, or (3) responds to an ISO intra-hour Dispatch Instruction, the dynamic schedule representing such resource must follow WECC-approved practice of 20-minute ramps centered at the top of the hour. The ISO does not provide any special settlements treatment nor offer any ISO Tariff exemptions for dynamic load following functionalities.

### **3.2 Termination**

**3.2.1 Termination by ISO.** Subject to Section 3.2.2, the ISO may terminate this Agreement by giving written notice of termination in the event that the ISO's agreement with the Host Control Area has terminated or the Scheduling Coordinator commits any material default under this Agreement and/or the ISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the ISO has given, to the Scheduling Coordinator, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the ISO will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within sixty (60) days after issuance of the notice of default. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the ISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

**3.2.2 Limitation on ISO Termination.** Notwithstanding the provisions of Section 3.2.1, in the event of noncompliance with the provisions of the ISO Dynamic Scheduling Protocol, the ISO shall have the right to terminate this Agreement after three (3) instances of noncompliance. In the event that the ISO determines that the Scheduling Coordinator has failed to comply with the ISO Dynamic Scheduling Protocol, the ISO will provide written notice to that effect to the Scheduling Coordinator, and the Scheduling Coordinator shall have seven (7) days to correct the non-compliant condition(s). If the ISO determines that Scheduling Coordinator has not corrected the non-compliant condition(s) within seven (7) days after the third notice of noncompliance, the ISO may, by further written notice to the Scheduling Coordinator, terminate this Agreement and the existing functionality and arrangements described herein pursuant to Section 3.2.1, but without providing for the additional thirty (30)-day cure period otherwise provided in Section 3.2.1.

**3.2.3 Termination by Scheduling Coordinator.** In the event that the Scheduling Coordinator no longer wishes to submit dynamic schedules to the ISO, it may terminate this Agreement, on giving the ISO ninety (90) days written notice. With respect to any notice of termination given pursuant to this Section, the ISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within thirty (30) days of receipt of such request. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if such notice is required to be filed with FERC, or upon ninety (90) days after the ISO's receipt of the Scheduling Coordinator's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

## **ARTICLE IV GENERAL TERMS AND CONDITIONS**

### **4.1 Dynamic Scheduling Requirements and Obligations**

**4.1.1** The dynamic functionality established under this Agreement shall be implemented and operated in accordance with ISO Tariff Section 2.2.7.6, other applicable provisions of the ISO Tariff, all applicable NERC and WECC policies, requirements, and provisions, and the ISO Dynamic Scheduling Protocol.

- 4.1.2** The maximum allowable dynamic power transfer (in MW) from the Scheduling Coordinator's System Resource(s) shall be as set forth in Schedule 1 and will be referred to as "Pmax" in all ISO scheduling and control systems.
- 4.1.3** The Scheduling Coordinator warrants that the power plant(s) listed in Schedule 1 is interconnected within the Host Control Area specified in Schedule 1, placing both the plant(s) as well as the associated System Resource under the operational jurisdiction of the Host Control Area.
- 4.1.4** The ISO intertie associated with the System Resource(s) is set forth in Schedule 1. The Scheduling Coordinator may request, and the ISO may agree, at its sole discretion, to change the foregoing ISO intertie association, subject to any limitations set forth in the ISO Dynamic Scheduling Protocol.
- 4.1.5** Unless explicitly agreed otherwise, dynamic functionalities implemented between the ISO and the Scheduling Coordinator may provide only for imports from the System Resource(s) listed in Schedule 1 to the ISO.
- 4.1.6 Identification of System Resources.** The Scheduling Coordinator has identified the System Resources that it represents in Schedule 1.
- 4.1.7 Notification of Changes.** Sixty (60) days prior to changing any technical information in Schedule 1, the Scheduling Coordinator shall notify the ISO of the proposed changes. Pursuant to Section 2.5.25 of the ISO Tariff, the ISO may verify, inspect and test the capacity and operating characteristics provided in the revised Schedule 1. Unless the Scheduling Coordinator fails to test at the values in the proposed change(s), the change will become effective upon the effective date for the next scheduled update of the ISO's Master File, provided the Scheduling Coordinator submits the changed information by the applicable deadline and is tested by the deadline.
- 4.2 Agreement Subject to ISO Tariff.** The Parties will comply with all applicable provisions of the ISO Tariff, including Sections 2.2.7.6 and 2.5.6.2. This Agreement shall be subject to the ISO Tariff, which shall be deemed to be incorporated herein.
- 4.3 Obligations Relating to Ancillary Services**
- 4.3.1 Submission of Bids.** When the Scheduling Coordinator submits a bid for Ancillary Services, the Scheduling Coordinator will, by the operation of this Section 4.3.1, warrant to the ISO that it has the capability to provide that service in accordance with the ISO Tariff and that it will comply with ISO Dispatch Instructions for the provision of the service in accordance with the ISO Tariff.

## ARTICLE V PENALTIES AND SANCTIONS

- 5.1 Uninstructed Deviations.** Except for operating emergency situations, real time Energy transfers may not vary from the Final Hour Ahead Schedule as adjusted by any Dispatch Instructions by more than the greater of five (5) MW or three percent (3%) of the net dependable capacity (Pmax) of the System Resource, integrated across a ten-minute interval. If such defined performance band is exceeded by any amount in more than five percent (5%) of the ten-minute intervals on three successive days, then such deviations shall constitute one event of non-compliance with the ISO Dynamic Scheduling Protocol pursuant to Section 3.2.2. Deviations from dynamic Energy schedules will also be subject to Uninstructed Deviation Penalties pursuant to Section 11.2.4.1.2 and related provisions of the ISO Tariff.



- 5.2 General.** The Scheduling Coordinator shall be subject to all penalties made applicable to dynamic imports from System Resources set forth in the ISO Tariff.

## 1.2 Termination

This Agreement may be terminated by either Party upon thirty (30) days written notice to the other Party or upon mutual consent of both Parties. For entities subject to FERC jurisdiction, termination will be effective upon acceptance by FERC of notice of termination, if this Agreement has been filed with FERC, or thirty (30) days after the date of the notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. The ISO shall timely file any required notice of termination with FERC. The filing of the notice of termination by the ISO will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and (2) the ISO files the notice of termination within sixty (60) days after issuance of the notice of default.

## 2. Definitions

### 2.1 WECC Definitions

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the WECC MORC Definitions.

### 2.2 Specific Definitions

- 2.2.1 Good Utility Practice:** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the WECC region during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 2.2.2 ISO Dynamic Scheduling Protocol:** The ISO's Dynamic Scheduling Protocol, which is part of the ISO Tariff.
- 2.2.3 ISO Tariff:** ISO Operating Agreement, Protocols, and Tariff as amended from time to time, together with any appendices or attachments thereto.
- 2.2.4 Point of Contact:** A person or entity having the authority to receive and act upon scheduling or dispatch communications from the other Control Area operator and available through a communications device mutually agreed upon on a 24-hour, 7-day basis.
- 2.2.5 Scheduling Coordinator:** An entity certified by the ISO for the purposes of undertaking the functions of: submitting schedules for energy, generation, transmission losses, and ancillary services; coordinating generation; tracking, billing, and settling trades with other Scheduling Coordinators; submitting forecast information; paying the ISO's charges; and ensuring compliance with ISO protocols.
- 2.2.6 System Resource:** "System Resource" is defined in the ISO Tariff and, in the context of this Agreement, may include combinations of resources as described in the ISO Dynamic Scheduling Protocol.

### **3. General**

#### **3.1 Purpose**

This Agreement sets forth the requirements that must be satisfied by the Host Control Area should it elect to support Scheduling Coordinators' requests for implementation of a dynamic scheduling functionality and delivery of energy, supplemental energy, and energy associated with ancillary services (except regulation service) into the ISO Control Area. The requirements encompass technical (energy management system ("EMS")/ automatic generation control ("AGC") and communications), interchange scheduling, telemetry, and aspects of Control Area operations.

#### **3.2 NERC/WECC Operating Standards Observed**

Nothing in this Agreement is intended to change, supercede, or alter either Party's obligations to abide by NERC standards and policies and WECC criteria.

#### **3.3 Applicable Standards**

This Agreement incorporates, by reference, the ISO Dynamic Scheduling Protocol.

#### **3.4 Communication**

The ISO and the Host Control Area shall each operate and maintain a 24-hour, 7-day control center with real time scheduling and control functions. Appropriate control center staff will be provided by each Party who shall be responsible for operational communications and who shall have sufficient authority to commit and bind that Party. The ISO and the Host Control Area shall jointly develop communication procedures necessary to support scheduling and dispatch functions. The Points of Contact and the procedures for insuring reliable communication are identified in Schedule 1.

### **4. Telecommunications Requirements**

The ISO and Host Control Area shall establish and maintain real time, redundant, diversely routed, communications links between the ISO EMS and the Host Control Area EMS, with the primary link utilizing the standard inter-control center communications protocol ("ICCP") in accordance with the ISO Dynamic Scheduling Protocol for the dynamically scheduled System Resources listed in Schedule 2.

### **5. Telemetry**

For each operating hour for which a System Resource is scheduled to deliver energy, supplemental energy, and/or energy associated with any of the non-regulating ancillary services to the ISO Control Area, the Host Control Area shall provide, via the ICCP communication links to the ISO EMS, the data for each System Resource, as set forth in the ISO Dynamic Scheduling Protocol.

### **6. Interchange Scheduling Requirements**

#### **6.1 Dynamic Scheduling**

The Host Control Area shall support Scheduling Coordinators' requests to arrange dynamic interchange schedules for the delivery of energy to the ISO Control Area, reflecting the System Resource's instantaneous energy production or allocation level and taking into account available transmission capacity.

## **6.2 Treatment of Area Control Error ("ACE")**

The Host Control Area shall instantaneously compensate its AGC for the System Resource's energy output that is generated or allocated for establishing the dynamic schedule to the ISO such that the System Resource energy production or allocation changes have an equal in magnitude and opposite in sign effect on the Host Control Area's ACE.

## **6.3 Integration of Dynamic Scheduling**

For each operating hour during which energy was dynamically scheduled for delivery to the ISO Control Area, the Host Control Area shall compute an integrated amount of interchange based on the System Resource's integrated energy production, by integrating the instantaneous System Resource production levels. Such integrated MWH value shall be agreed to hourly by the real time schedulers.

## **6.4 Delivery of Megawatts ("MW")**

The Host Control Area shall not be obligated to make up any difference between the dynamic energy schedule and the MW being generated or allocated by the System Resource.

## **6.5 Access to Information**

The Parties agree to exchange information related to telemetry sent and received with respect to the delivery of energy (i) at the request of the other Party for purposes of after-the-fact interchange accounting or (ii) on demand for any other purpose.

## **7. Other Host Control Area Responsibilities**

### **7.1 Operational Jurisdiction**

The Host Control Area will have, at a minimum, the level of operational jurisdiction over the System Resource and the associated dynamic schedule that NERC and WECC vest in Host Control Areas.

### **7.2 E-Tagging**

The Host Control Area must support associated e-tagging as described in the ISO Dynamic Scheduling Protocol and deemed to be consistent with NERC and/or WECC requirements.

### **7.3 Real-Time Adjustments**

The Host Control Area must have a means to manually override and/or otherwise adjust the dynamic signal in real time, if needed.

### **7.4 Coordination with Other Control Areas**

The Host Control Area must provide in real time the instantaneous value of each dynamic schedule to every intermediary Control Area through whose systems such dynamic schedule may be implemented to the ISO.

**8. Other**

**8.1 Losses**

The ISO shall not be responsible for transmission losses caused by transmitting energy dynamically within or across the Host Control Area for delivery to the ISO.

**8.2 Certification**

Only ISO-certified System Resource/Host Control Area arrangements will be allowed to bid or self provide ancillary services in the ISO's ancillary services market through an ISO-certified Scheduling Coordinator.

**8.3 No Guarantee of Award**

Certification of a System Resource/Host Control Area arrangement allows for bidding of supplemental energy and/or certain ancillary services into the ISO market; it does not, however, guarantee selection of such bid.

**8.4 Performance Assessment**

The ISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the ISO Dynamic Scheduling Protocol.

**8.5 Description of System Resources**

Each dynamically scheduled System Resource permitted pursuant to this Agreement is described in Schedule 2.

**9. Notifications**

The ISO and the Host Control Area shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Control Areas regarding schedule changes in emergency or curtailment conditions.

**10 Liability**

**10.1 Uncontrollable Forces**

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a control area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Control Area.

In the event of the occurrence of an Uncontrollable Force, which prevents either the ISO or the Host Control Area from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The ISO and the Host Control Area shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

**ISO TARIFF APPENDIX W**

**Interconnection Procedures in Effect Prior to July 1, 2005 (“Amendment 39 Procedures”)**

**Interconnection Procedures in Effect Prior to July 1, 2005 (“Amendment 39 Procedures”)**

**1 Applicability.**

These Amendment 39 Procedures are applicable to Small Generating Facilities interconnecting to the ISO Controlled Grid and to Large Generating Facilities in accordance with Section 5.1 of the LGIP. The owner of a planned New Facility, or its designee, is referred to for purposes of this Appendix as a New Facility Operator.

**2 Definitions.**

**2.1 Master Definitions Supplement.**

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this Appendix.

**2.2 Special Definitions for this Appendix.**

In this Appendix, the following words and expressions shall have the meanings set opposite them:

**Completed Application**

**Date** For purposes of this Appendix, the date on which a New Facility Operator submits an Interconnection Application to the ISO that satisfies the requirements of the ISO Tariff and the TO Tariff of the Interconnecting PTO.

**Completed Interconnection Application**

An Interconnection Application that meets the information requirements as specified by the ISO and posted on the ISO Home Page.

**Data Adequacy Requirement** Any applicable minimum data requirements of the state agency responsible for generation siting or of any Local Regulatory Authority.

**Delivery Upgrade**

The transmission facilities, other than Direct Assignment Facilities and Reliability Upgrades, necessary to relieve constraints on the ISO Controlled Grid and to ensure the delivery of energy from a New Facility to Load.

**Designated Contact Person**

The person designated by each Participating TO to coordinate with the ISO on the processing and completion of all Interconnection Applications.

<b>Direct Assignment Facility</b>	The transmission facilities necessary to physically and electrically interconnect a New Facility Operator to the ISO Controlled Grid at the point of interconnection.
<b>Expedited Interconnection Agreement</b>	A contract between a party which has submitted a Request for Expedited Interconnection Procedures and an Interconnecting PTO under which the ISO and an Interconnecting PTO agree to process, on an expedited basis, the Interconnection Application of a New Facility Operator and which sets forth the terms, conditions, and cost responsibilities for such interconnection.
<b>Good Faith Deposit</b>	The deposit paid to the ISO by a New Facility Operator with submission of its Interconnection Application in accordance with Section 3.2 of this Appendix, in an amount equal to \$10,000, including any interest that accrues on the original amount, less any bank fees or other charges assessed on the escrow account. A New Facility Operator may satisfy its deposit obligation through any commercially available financial instrument determined to be satisfactory by the ISO.
<b>Interconnecting PTO</b>	For purposes of this Appendix, the Participating TO that will supply the connection to the New Facility.
<b>Interconnection Application</b>	An application that requests interconnection of a New Facility to the ISO Controlled Grid and that meets the information requirements as specified by the ISO and posted on the ISO Home Page.
<b>New Facility</b>	A planned or Existing Generating Unit that requests, pursuant to this Appendix, to interconnect or modify its interconnection to the ISO Controlled Grid.
<b>New Facility License</b>	A license issued by a federal, state or Local Regulatory Authority that enables an entity to build and operate a Generating Unit.
<b>New Facility Operator</b>	The owner of a planned New Facility, or its designee.
<b>Planning Procedures</b>	Procedures governing the planning, expansion and reliable interconnection to the ISO Controlled Grid that the ISO may, from time to time, develop.
<b>Reliability Upgrade</b>	The transmission facilities, other than Direct Assignment Facilities, beyond the first point of interconnection necessary to interconnect a New Facility safely and reliably to the ISO Controlled Grid, which would not have been necessary but for the interconnection of a New Facility, including network upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of a New Facility to the ISO Controlled Grid. Reliability Upgrades also include, consistent with WSCC practice, the facilities necessary to mitigate any adverse impact a New Facility's interconnection may have on a path's WSCC path rating.
<b>Request for Expedited</b>	



**Interconnection Procedures** A written request, submitted pursuant to Section 3.1.1 of this Appendix, by which a New Facility Operator can request expedited processing of its Interconnection Application.

**System Impact Study** An engineering study conducted to determine whether a New Facility Operator's request for interconnection to the ISO Controlled Grid would require new transmission additions, upgrades or other mitigation measures.

### **3 Interconnection Application.**

Unless the New Facility Operator has submitted a Completed Interconnection Application to the ISO prior to July 1, 2005, any New Facility Operators shall submit two copies of a Completed Interconnection Application to the ISO in the form specified by the ISO. The ISO will date stamp all copies of the Interconnection Application, retain one executed copy, and, within 1 Business Day, send the other copy to the Designated Contact Person of the Interconnecting PTO. Within 10 Business Days after the Interconnecting PTO receives an Interconnection Application, the ISO and the Interconnecting PTO shall determine whether the application is complete and the ISO will notify the New Facility Operator that its Interconnection Application is complete; or, in the event that the ISO, in consultation with the Interconnecting PTO, determines that the Interconnection Application is incomplete, the ISO will notify the New Facility Operator of the deficiencies or omissions in its application.

#### **3.1 Expedited Procedures For New Facilities.**

A New Facility Operator may submit a Request for Expedited Interconnection Procedures in accordance with Section 3.1.1 of this Appendix. The ISO will develop and post on the ISO Home Page the Planning Procedures applicable to such expedited processing of Interconnection Applications.

##### **3.1.1 Request for Expedited Interconnection Procedures.**

- (a) If it elects to expedite processing of its Completed Interconnection Application, a New Facility Operator shall submit a Request for Expedited Interconnection Procedures within 10 Business Days after receiving a copy of the System Impact Study for the proposed

- interconnection. The request should be submitted in writing to the ISO and the Interconnecting PTO.
- (b) Within 10 Business Days after receiving a Request for Expedited Interconnection Procedures, the ISO and Interconnecting PTO shall provide to applicant the results of any studies required in addition to the System Impact Study, and shall tender an Expedited Interconnection Agreement that requires the applicant to compensate the Interconnecting PTO for all costs reasonably incurred pursuant to the terms of the ISO Tariff and the Interconnecting PTO's applicable TO Tariff for processing the Completed Interconnection Application and providing the requested interconnection.
- (c) Concurrent with the provision, by the ISO and the Interconnecting PTO, of the studies referenced in subsection b, above, the Interconnecting PTO and the ISO shall provide to applicant their best estimate of the cost of any needed Direct Assignment Facilities and Reliability Upgrades, Delivery Upgrades, if requested by the New Facility Operator, and other costs that may be incurred in processing the Interconnection Application and providing the requested interconnection, however, unless otherwise agreed by the ISO, and the Interconnecting PTO, and the applicant, such cost estimate shall not be binding and the New Facility Operator shall compensate the ISO and the Interconnecting PTO for all actual interconnection costs reasonably incurred pursuant to the provisions of this Appendix and the Interconnecting PTO's TO Tariff.
- (d) The New Facility Operator shall execute and return to the Interconnecting PTO, with a copy to the ISO, such Expedited Interconnection Agreement within 10 Business Days of its receipt or the New Facility Operator's Interconnection Application will be deemed withdrawn. In that event, the New Facility Operator shall reimburse the ISO and the Interconnecting PTO for all costs reasonably incurred in the processing of the Interconnection Application, including the Request for Expedited Interconnection.

**3.2 Good Faith Deposit.**

- (a) Each New Facility Operator that submits an Interconnection Application will on the date of submission also provide a Good Faith Deposit to the ISO. The ISO shall hold the Good Faith Deposit in trust for each applicant in a separate, interest-bearing account.
- (b) The ISO shall refund the Good Faith Deposit, with accrued Interest, in the event that:
  - (i) The ISO determines that the New Facility is not responsible for any interconnection costs, other than study costs; or
  - (ii) The applicant withdraws its Interconnection Application or its Interconnection Application is deemed withdrawn.

**3.3 Posting of Interconnection Applications and Non-disclosure.**

The ISO will maintain on its OASIS site an updated list of all pending Interconnection Applications. As soon as practicable after the ISO receives a Completed Interconnection Application, the ISO will post the nearest substation, the capacity (MW) of the New Facility and the year the New Facility is proposed to begin operations. At the time it submits its Interconnection Application, a New Facility Operator may request in writing that the ISO and Interconnecting PTO not publicly disclose the identity of such New Facility Operator. Upon such request, the ISO and Interconnecting PTO will not disclose the identity of the applicant while its Interconnection Application is pending, unless disclosure is permitted under Section 20.3.1 of the ISO Tariff or in the event that an applicant's identity becomes otherwise publicly known.

**4 Interconnection.**

**4.1 Detailed Planning Procedures.**

The provisions set forth in this Appendix shall govern the interconnection of New Facilities to the ISO Controlled Grid, including the costs of such interconnection. The ISO shall also maintain on the ISO Home Page detailed Planning Procedures and interconnection standards for all such interconnections.

**4.2 Studies.**

- (a) Except as provided in Section 4.2(d) of this Appendix, for each Completed Interconnection Application, the ISO will direct the Interconnecting PTO to perform the required System Impact Study and Facility Study, and any additional studies the ISO determines to be reasonably necessary.
- (b) The Interconnecting PTO will complete or cause to be completed all studies directed by the ISO within the timelines provided in this section. Any studies performed by the ISO or by a third party at the direction of the ISO shall also be completed within the timelines provided in this section.
- (c) Each New Facility Operator shall pay the reasonable costs of all System Impact and Facility Studies performed by or at the direction of the ISO or the Interconnecting PTO, and any additional studies the ISO determines to be reasonably necessary in response to the Interconnection Application, including any iterative study costs required for other New Facility Operator's that have established a new queue position due to the New Facility Operator either withdrawing its Interconnection Application or because its queue position has been modified pursuant to the procedures in Section 4.4 of this Appendix. A New Facility Operator shall also pay the reasonable cost of Interconnecting PTO review of any System Impact Study or Facility Study that is performed by a New Facility Operator or its designee pursuant to subsection (d).
- (d) A New Facility Operator may perform its own System Impact Study and Facility Study, or contract with a third party to perform the System Impact Study and Facility Study, and shall so notify the ISO and the Interconnecting PTO of this election at the time it submits its Interconnection Application. Any such study or studies performed by a New Facility Operator or third party must be completed within the timelines identified in Sections 4.2.1 and 4.2.2 of this Appendix. To the extent that the ISO and Interconnecting PTO disagree on the adequacy of the New Facility Operator or third party-sponsored study, the ISO will determine the adequacy of the study, subject to the ISO's ADR Procedures. The ISO and Interconnecting PTO shall complete their review of the New Facility Operator's study

within 30 calendar days of receipt of the completed study. The results of any study or studies performed by a New Facility Operator or third party must be approved by both the ISO and the Interconnecting PTO.

#### **4.2.1 System Impact Study Procedures.**

Within 10 Business Days after receiving a Completed Interconnection Application by the Interconnecting PTO, the ISO and the Interconnecting PTO will determine, on a non-discriminatory basis, whether a System Impact Study is required. The ISO and the Interconnecting PTO will make such determination based on the ISO Grid Planning Criteria and the transmission assessment practices outlined in the ISO Planning Procedures posted on the ISO Home Page. The ISO and Interconnecting PTO will utilize, to the extent possible, existing transmission studies. The System Impact Study will identify whether any Direct Assignment Facilities and Reliability Upgrades are needed, as well as, if requested by the New Facility Operator, any Delivery Upgrades necessary to deliver a New Facility's full output over the ISO Controlled Grid. The System Impact Study will also identify any adverse impact on Encumbrances existing as of the Completed Application Date.

If the ISO and the Interconnecting PTO determine that a System Impact Study is necessary, the Interconnecting PTO shall within 20 Business Days of receipt of Completed Interconnection Application, tender a System Impact Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time required to complete it, and pursuant to which the applicant shall agree to reimburse the Interconnecting PTO for the reasonable actual costs of performing the required study. The New Facility Operator shall execute the System Impact Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. Alternatively, a New Facility Operator can request that the Interconnecting PTO proceed with the System Impact Study and abide by the terms, conditions, and cost assignment of the System Impact Study Agreement as determined

through the ISO ADR Procedures, provided that such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the System Impact Study. If a New Facility Operator elects neither to execute the System Impact Study Agreement nor to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Interconnection Application.

The Interconnecting PTO will use due diligence to complete the System Impact Study within 60 calendar days of receipt of payment and the System Impact Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the System Impact Study within 60 calendar days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date.

#### **4.2.2 Facility Study Procedures.**

If a System Impact Study indicates that additions or upgrades to the ISO Controlled Grid are needed to satisfy a New Facility Operator's request for interconnection, the Interconnecting PTO shall, within 15 Business Days of the completion of the System Impact Study, tender to a New Facility Operator a Facility Study Agreement that defines the scope, content, assumptions and terms of reference for such study, the estimated time to complete the required study, and pursuant to which the applicant agrees to reimburse the Interconnecting PTO for the actual costs of performing the required Facility Study. The New Facility Operator shall execute the Facility Study Agreement and return it to the Interconnecting PTO within 10 Business Days, together with payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. Alternatively, a New Facility Operator may request that the Interconnecting PTO proceed with the Facility Study and abide by the terms, conditions, and cost assignment of the Facility Study Agreement ultimately determined through the ISO ADR Procedures, provided that

such request is accompanied by payment for the reasonable estimated cost, as provided by the Interconnecting PTO, of the Facility Study. If a New Facility Operator elects either to not execute the Facility Study Agreement or to rely upon the ISO ADR Procedures, such New Facility Operator's Completed Application will be deemed withdrawn. If the New Facility Operator's application is deemed withdrawn, the New Facility Operator will compensate the Interconnecting PTO for all reasonable costs incurred to that date in processing the Completed Application. The Interconnecting PTO will use due diligence to complete the Facility Study within 60 calendar days of receipt of payment and the Facility Study Agreement or initiation of the ISO ADR Procedures. If the Interconnecting PTO cannot complete the Facility Study within 60 calendar days, the Interconnecting PTO will notify the New Facility Operator, in writing, of the reason why additional time is required to complete the required study and the estimated completion date. A New Facility Operator shall be entitled to amend its Completed Interconnection Application once without losing its queue position. Such amendment shall occur on or before 10 Business Days following the Date the Interconnecting PTO tenders a Facility Study Agreement. Specifically, as an alternative to executing and returning a Facility Study Agreement, a New Facility Operator may submit an amendment to its Completed Interconnection Application to reflect a revised configuration for its New Facility. The amended Completed Interconnection Application shall be treated in accordance with Section 4.2.1 of this Appendix and the New Facility Operator's Completed Interconnection Application shall not be deemed withdrawn, and it shall maintain its exiting queue position, if (a) the amended Completed Interconnection Application is received by the Interconnecting PTO within 10 Business Days of the Interconnecting PTO's tender of a Facility Study Agreement; and (b) the New Facility Operator has not submitted a previous amendment to the Completed Interconnection Application. In the event a New Facility Operator amends its Completed Interconnection Application, it will be responsible for any additional study costs that result from that amendment, including costs associated with revisions to studies for other applicants holding later queue positions.

**4.3 Execution of Interconnection Agreement.**

Following completion of the Facilities Study, a New Facility Operator proposing to interconnect a Large Generating Facility shall continue the interconnection process in accordance with Section 11.2 of the LGIP. Within 10 Business Days of receipt of a completed Facility Study, a New Facility Operator proposing to interconnect a Small Generating Facility shall request the Interconnecting PTO to provide to such applicant an Interconnection Agreement. The Interconnecting PTO shall provide an Interconnection Agreement to an applicant within 30 Business Days of receipt of the request for an Interconnection Agreement. If the ISO and Interconnecting PTO determine, pursuant to Sections 4.2.1 and 4.2.2 of this Appendix, that either:

- (a) a New Facility Operator's Interconnection Application can be accommodated and that such New Facility Operator will not incur costs for Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 10 Business Days of receipt of the Interconnection Agreement; or
- (b) a New Facility Operator's Interconnection Application will necessitate Reliability Upgrades, the New Facility Operator shall execute the Interconnection Agreement within 30 Business Days of receipt of the Interconnection Agreement or, if a New Facility Operator and the Interconnecting PTO are unable to agree on the rates, terms and conditions of the Interconnection Agreement, the New Facility Operator may request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC. If a New Facility Operator does request that the Interconnecting PTO file an unexecuted Interconnection Agreement at FERC, the New Facility Operator shall agree to abide by the rates, terms and conditions of such Interconnection Agreement ultimately determined by FERC to be just and reasonable.

**4.4 Queuing.**

- (a) The ISO and Interconnecting PTO will process all Interconnection Applications based on the New Facility's Completed Application Date.



- (b) The queue position for each New Facility that has submitted an Interconnection Application will be established according to the Completed Application Date and the New Facility's compliance with the milestones set forth in Section 4.4.1 of this Appendix.
- (c) For any New Facility Operator that submitted a request to interconnect to a Interconnecting PTO prior to June 1, 2002 (the effective date of the Amendment 39 Procedures), such New Facility Operator's position in the queue will be based on its Completed Application Date as that term was defined in the Interconnecting PTOs TO Tariff in effect at the time the New Facility Operator submitted a request to interconnect to the Interconnecting PTO.

**4.4.1 Queuing Milestones.**

- (a) To maintain its queue position, each New Facility Operator must timely comply with the requirements of the ISO Tariff and the TO Tariff of the Interconnecting PTO and must, within 6 months of its Completed Application Date, satisfy all applicable Data Adequacy Requirements of state and local siting and other regulatory authorities. Any New Facility Operator not subject to state siting requirements must satisfy the information requirements set forth in 18 C.F.R. § 2.20. The ISO will permit a New Facility Operator to retain its queue position if such New Facility Operator requests an extension of the six-month period at least 5 Business Days prior to the expiration of such period. Such extension will be limited to one period of 30 Business Days and additional extensions shall not be granted. A New Facility Operator that does not maintain its queue position, but later satisfies the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, will be placed in a queue position comparable to that of other New Facility Operators that have satisfied the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20, as of the same date. At that time, the ISO and the Interconnecting PTO will determine whether a new System Impact Study must be performed based on the revised queue position of such New Facility Operator.

- (b) Upon satisfaction of the Data Adequacy Requirements, or the requirements of 18 C.F.R. § 2.20 if applicable, each New Facility Operator, in order to maintain its queue position, must obtain a New Facility License within 15 months after satisfying the Data Adequacy Requirements. A New Facility Operator that does not obtain a New Facility License within the allowed time and does not maintain its queue position, but later obtains a New Facility License, will be placed in a queue position comparable to other New Facility Operators that have satisfied comparable milestones as of that date.
- (c) Any New Facility whose New Facility License or building permit expires or is rescinded will not maintain its queue position.
- (d) A New Facility Operator that has submitted a dispute under Article 13 of the ISO Tariff regarding any part of this Appendix may request that the presiding judge, arbitrator, or mediator of the dispute suspend its obligation to meet milestones in order to maintain its queue position. In the event such a suspension is granted, the New Facility Operator must satisfy the missed milestones specified in this Section 4.4.1 of this Appendix within 30 calendar days of the date the decision on the dispute becomes final.

#### **4.5 Coordination of Critical Protective Systems.**

New Facility Operators shall coordinate with the ISO, Participating TOs and UDCs to ensure that a New Facility Operator's Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with ISO Controlled Grid Critical Protective Systems and the protective systems of the Participating TOs and UDCs. The ISO and Participating TOs will make available all information necessary for a New Facility Operator to determine whether its Critical Protective Systems are compatible with those of the ISO, Participating TOs and UDCs. The ISO and New Facility Operators shall also coordinate with entities that own, operate or control facilities outside of the ISO Controlled Grid to ensure that a New Facility's Critical Protective Systems function on a coordinated and complementary basis with such entities Critical Protective Systems.

**5 Cost Responsibility of New Facility Operators.**

- (a) Each New Facility Operator shall pay the costs of required studies in accordance with Section 4.2 of this Appendix and the costs identified in this Section 5. The ISO and Interconnecting PTO will provide each New Facility Operator an estimate of its total cost responsibility under this Section. A New Facility Operator shall be responsible for the actual costs of all Direct Assignment Facilities and Reliability Upgrades necessitated by its Completed Interconnection Application. The Interconnecting PTO will provide each New Facility Operator a detailed record of the actual costs assessed to it under this Section. A New Facility Operator may request the Interconnecting PTO to provide any additional information reasonably necessary to audit the actual costs the New Facility Operator is assessed.
- (b) The ISO and Interconnecting PTO will process all Interconnection Applications, and determine the cost responsibility of each New Facility Operator based on the New Facility Operator's Completed Application Date or, if applicable, based on the queue position determined by the procedure described in Section 4.4.1(b) of this Appendix. The ISO and Interconnecting PTO will process simultaneously all interconnection requests with the same Completed Application Date.
- (c) Each New Facility Operator shall pay the costs of planning, installing, operating and maintaining the following facilities: (i) Direct Assignment Facilities, and, if applicable, (ii) Reliability Upgrades. In addition, each New Facility Operator shall implement all existing operating procedures necessary to safely and reliably connect the New Facility to the facilities of the Interconnecting PTO and to ensure the ISO Controlled Grid's conformance with the ISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. The New Facility Operator shall be responsible for the costs of Reliability Upgrades only if the necessary facilities are not included in the ISO Controlled Grid Transmission Expansion Plan approved as of the New Facility Operator's Completed Application Date, or the date for the installation of a facility is advanced by the interconnection of the New Facility, in which case the New Facility Operator shall be

responsible only for the incremental costs associated with the earlier installation of the facility.

- (d) Each New Facility Operator may, at its own discretion, sponsor, pursuant to Section 3.2 of the ISO Tariff, any Delivery Upgrades.

#### **5.1 Maintenance of Encumbrances.**

No New Facility shall adversely affect the ability of the Interconnecting PTO to honor its Encumbrances existing as of the time a New Facility submits its Interconnection Application to the ISO. The Interconnecting PTO, in consultation with the ISO, shall identify any such adverse effect on its Encumbrances in the System Impact Study performed under Section 4.2.1 of this Appendix. To the extent the Interconnecting PTO determines that the connection of the New Facility will have an adverse effect on Encumbrances, the New Facility Operator shall mitigate such adverse effect.

#### **5.2 Settlement of Interconnection Costs.**

Payment for Direct Assignment Facilities and Reliability Upgrades shall be made by the New Facility Operator to the Interconnecting PTO pursuant to the terms of payment set forth in the Interconnection Agreement between the parties.

### **6 Energization.**

Neither the ISO nor the Interconnecting PTO shall be obligated to energize, nor shall the New Facility Operator be entitled to have its interconnection to the ISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 4.3 of this Appendix, and becomes effective and such New Facility Operator has demonstrated to the ISO's reasonable satisfaction that it has complied with all of the requirements of this Appendix.