

March 10, 2016

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

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER16-897-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits this filing in compliance with the Commission’s February 24, 2016, order issued in this proceeding.<sup>1</sup>

## **I. Background and Discussion**

The February 24 order accepted the CAISO’s February 4, 2016, filing, made pursuant to section 205 of the Federal Power Act, through which the CAISO sought to: extend the expiration date of the currently effective capacity procurement mechanism (CPM) tariff authority; revise the effective date for implementation of the new CPM tariff provisions previously accepted by the Commission;<sup>2</sup> and make minor revisions to tariff section 40.4.6 to reconcile overlapping tariff revisions.

As approved in the October 2015 order, the CAISO intended to implement the new CPM provisions on March 1, 2016, with the prior CPM expiring on February 29, 2016. The February 4 filing sought to shift that implementation schedule by one month, with the new CPM becoming effective on April 1, 2016. As a result of new events that occurred after the initial February 4 filing, and in response to market participant concerns, the CAISO subsequently indicated its desire to further extend implementation of the new CPM until May 1, 2016.

The February 24 order accepted the tariff revisions proposed in the February 4 filing subject to the condition that the CAISO file revised tariff records to reflect the new implementation date, along with corresponding amendments to sections 43.1 and 43A.1 of the CAISO tariff.<sup>3</sup> The CAISO hereby submits this compliance filing consistent with

<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,132 (2016) (February 2016 order).

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,001 (2015) (October 2015 order).

<sup>3</sup> February 2016 order at P 11.

the Commission's directive. Specifically, the CAISO resubmits sections 34.11, 39.10.3, 39.10.4, and 40.4.6.2, with a new effective date of May 1, 2016. Additionally, the CAISO amends the language of sections 43.1 and 43A.1 to reflect that the new CPM now becomes effective and the prior CPM now expires on May 1, 2016, and April 30, 2016, respectively. The revisions to sections 43.1 and 43A.1 have a requested effective date of March 25, 2016. The February 4 filing, which was premised on an April 1 implementation date, included a requested effective date of February 25, 2016. The current requested effective date of March 25, 2016, thus represents a one-month shift, consistent with the February 24 order.

## II. Attachments

In addition to this transmittal letter, this compliance filing includes Attachments A and B. Attachment A contains clean CAISO tariff sheets reflecting the tariff revisions described above. Attachment B shows these revisions in black-line format.

## III. Conclusion

The CAISO respectfully requests that the Commission approve the tariff modifications in Attachments A and B in compliance with the February 24 order. If there are any questions regarding this filing, please feel free to contact the undersigned.

Respectfully Submitted,  
**By: /s/ David S. Zlotlow**

Roger E. Collanton  
General Counsel  
Anna A. McKenna  
Assistant General Counsel  
David S. Zlotlow  
Senior Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: 916-351-4400  
Fax: 916-608-7222  
[dzlotlow@caiso.com](mailto:dzlotlow@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

## CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 10<sup>th</sup> day of March, 2016.

/s/ Martha Sedgley  
Martha Sedgley

**Attachment A – Clean Tariff Records**

**Capacity Procurement Mechanism – Compliance Filing**

**California Independent System Operator Corporation**

### **34.11 Exceptional Dispatch**

The CAISO may issue Exceptional Dispatches for the circumstances described in this Section 34.11, which may require the issuance of forced Shut-Downs, forced Start-Ups, or forced MSG Transitions and shall be consistent with Good Utility Practice. Dispatch Instructions issued pursuant to Exceptional Dispatches shall be entered manually by the CAISO Operator into the Day-Ahead or RTM optimization software so that they will be accounted for and included in the communication of Day-Ahead Schedules and Dispatch Instructions to Scheduling Coordinators. Exceptional Dispatches are not used to establish the LMP at the applicable PNode. The CAISO will record the circumstances that have led to the Exceptional Dispatch. When considering the issuance of an Exceptional Dispatch to RA Capacity, the CAISO shall consider the effectiveness of the resource from which the capacity is being provided, along with Start-Up Costs, Transition Costs, and Minimum Load Costs when issuing Exceptional Dispatches to commit a resource to operate at Minimum Load. When the CAISO issues Exceptional Dispatches for Energy to RA Capacity, the CAISO shall also consider Energy Bids, if available and as appropriate. Additionally, where the Exceptional Dispatch results in a CPM designation, the CAISO shall make CPM designations of Eligible Capacity for an Exceptional Dispatch by applying the criteria and procedures specified in Section 43A.4.

\*\*\*

### **39.10.3 Eligibility For Supplemental Revenues**

Except as provided in Section 39.10.4, a resource that is committed or dispatched under Exceptional Dispatch shall be eligible for supplemental revenues only during such times that the capacity from the resource dispatched under Exceptional Dispatch is Eligible Capacity, the Eligible Capacity does not have an offer into the applicable CSP, and has declined an Exceptional Dispatch CPM designation offered under Section 43A.2.5.

### **39.10.4 Limitation On Supplemental Revenues**

Supplemental revenues authorized under this Section 39.10 shall not exceed within a 30-day period (this 30-day period begins on the day of the first Exceptional Dispatch of the resource and re-starts on the day of the first Exceptional Dispatch of the resource following the end of any prior 30-day period) the CPM

Soft Offer Cap, for which the resource would be eligible pursuant to Section 43A.7 had its Eligible Capacity been designated as CPM Capacity.

\*\*\*

#### **40.4.6, Reductions For Deliverability**

##### **40.4.6.1 Deliverability Within the CAISO Balancing Authority Area**

In order to determine Net Qualifying Capacity from Resource Adequacy Resources subject to this Section 40.4, the CAISO will determine that a Resource Adequacy Resource is available to serve the aggregate of Load by means of a deliverability study. Documentation explaining the CAISO's deliverability analysis will be posted on the CAISO Website. The deliverability study will be performed annually and shall focus on peak Demand conditions. The results of the deliverability study shall be incorporated into the Net Qualifying Capacity annual report under Section 40.4.2 and will be effective for the next Resource Adequacy Compliance Year. To the extent the deliverability study shows that the Qualifying Capacity is not deliverable to the aggregate of Demand under the conditions studied, the Qualifying Capacity of the Resource Adequacy Resource will be reduced on a MW basis for the capacity that is undeliverable. Resources will be electrically grouped in a manner consistent with the CAISO Deliverability Assessment methodology posted on the CAISO Website. For Resource Adequacy Resources in the same electrical group which have identified deliverability constraints, the Qualifying Capacity of the Resource Adequacy Resources that obtained Full Capacity Deliverability Status or partial deliverability through Section 8.2 of Appendix Y to this CAISO Tariff will be reduced prior to reducing the Qualifying Capacity of those resources which were originally provided Full Capacity Deliverability Status pursuant to inclusion in an Interconnection Study Cycle under Appendix Y to this CAISO Tariff.

##### **40.4.6.2 Deliverability of Imports**

###### **40.4.6.2.1 Available Import Capability Assignment Process**

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Scheduling Coordinators representing Load Serving Entities serving Load in the CAISO Balancing Authority Area and, in limited circumstances, to Scheduling Coordinators representing Participating Generators or System Resources,

as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for Resource Adequacy Compliance Year 2008 through April 2009.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of- Balancing Authority Area LSEs: For each Intertie, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each Intertie the import capability on each Intertie associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the CAISO Balancing Authority Area. The remaining sum of all Intertie Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the CAISO Balancing Authority Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by CAISO Balancing Authority Area LSEs: From the Available Import Capability remaining on each Intertie after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the CAISO Balancing Authority Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area Pre-RA Import Commitment Capability on a particular Intertie based on Pre-RA Import Commitments in effect

(where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the Resource Adequacy Compliance Year for which the Available Import Capacity assignment is being performed. The Pre-RA Import Commitment will be assigned to the Intertie selected by the Load Serving Entity during the Resource Adequacy Compliance Year 2007 import capability assignment process, which was required to be based on the Intertie upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the Resource Adequacy Compliance Year 2007 import capability assignment process, the primary Intertie upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the Resource Adequacy Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the Intertie upon which the Pre-RA Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capacity assignment processes. If a Pre-RA Import Commitment submitted on behalf of a LSE with Existing Contract Import Capacity is assigned under this Section to the same Intertie on which the LSE holds Existing Contract Import Capacity, the Pre-RA Import Commitment will be assumed to deliver over the Existing Contract Import Capacity until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the Resource Adequacy Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import Capacity of the Intertie, such that the MW represented in all Pre-RA Import Commitments utilizing the Intertie exceed the Intertie's Available Import Capacity in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capacity, based on the Import Capacity Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular Intertie. To the extent this initial assignment of Pre-RA Import Commitment Capacity has not fully assigned the Available Import Capacity of the particular over requested Intertie, the remaining Available Import Capacity on the over requested Intertie will be assigned until fully

exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the CAISO Balancing Authority Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. Only the MW quantity of any Pre-RA Import Commitment Capability assigned to Existing Contract Import Capability under Step 4 that exceeds the Existing Contract Import Capability on the particular Intertie will be counted for purposes of this Step 5. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific Intertie.

Step 6: CAISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the CAISO will post to the CAISO Website, in accordance with the schedule set forth in the Business Practice Manual the following information:

- (a) The Total Import Capability;
- (b) The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each Intertie, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the CAISO Balancing Authority Area and those held by load serving entities outside the CAISO Balancing Authority Area;
- (c) The aggregate quantity in MW, and identity of the holders, of Pre-RA Import Commitments assigned to each Intertie; and
- (d) The aggregate quantity in MW of Available Import Capability after Step 4, the

identity of the Interties with Available Import Capability, and the MW quantity of Available Import Capability on each such Intertie.

Step 7: CAISO Notification of LSE Assignment Information: Following the completion of Step 5, in accordance with the schedule set forth in the Business Practice Manual, the CAISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- (a) The Load Serving Entity's Import Capability Load Share;
- (b) The Load Serving Entity's Load Share Quantity; and
- (c) The amount of, and Intertie on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- (d) The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: In accordance with the schedule set forth in the Business Practice Manual, a Scheduling Coordinator for a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Scheduling Coordinator for a Load Serving Entity. The CAISO will accept transfers between Scheduling Coordinators only to the extent such transfers are reported to the CAISO, in accordance with the schedule set forth in the Business Practice Manual and through the CAISO's Import Capability Transfer Registration Process, by the entity receiving the Remaining Import Capability who must set forth (1) the name of the counterparties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to the CAISO Website by August 8, 2007 for Resource Adequacy Compliance Year 2008 and for subsequent Resource Adequacy Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: In accordance with the schedule set forth in the Business Practice Manual, the Scheduling Coordinator for each Load Serving Entity shall notify the CAISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available Intertie. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining

Import Capability of its Load Serving Entities. The CAISO will honor the requests to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests for Remaining Import Capability on that Intertie will be assigned based on each Load Serving Entity's Import Capability Load Share Ratio in the same manner as set forth in Step 4. A Scheduling Coordinator for a Load Serving Entity without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: CAISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinators of accepted request(s) for assigning Remaining Import Capability under Step 9;
- (b) Publish on the CAISO Website aggregate unassigned Available Import Capability, if any, the identity of the Interties with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinators that Step 10 is complete and to specify the time at which the CAISO will begin accepting requests for the Remaining Import Capability for Step 11.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, in accordance with the schedule set forth in the Business Practice Manual, Scheduling Coordinators for Load Serving Entities shall notify the CAISO of their requests to assign any Remaining Import Capability on a MW per available Intertie basis. Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the CAISO. The CAISO will honor the timely requests received to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests on that Intertie will be

assigned based on each Load Serving Entity's Import Capability Load Share Ratio, as used in Steps 4 and 9.

**Step 12: Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability:** In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity of the Load Serving Entity's accepted request(s) for assigning Remaining Import Capability under Step 11;
- (b) Publish on the CAISO Website unassigned aggregate Available Import Capability, if any, the identity of the Interties with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity that Step 12 is complete and to specify the time at which the CAISO will begin accepting requests for the Balance of Year Unassigned Available Import Capability for Step 13.

**Step 13: Requests for Balance of Year Unassigned Available Import Capability:** To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the CAISO. Each request must include the identity of Load Serving Entity, Participating Generator, or System Resource on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity, Participating Generator, or System Resource. The CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving

Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year.

The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If a request made on behalf of a Load Serving Entity is honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability.

#### **40.4.6.2.2 Bilateral Import Capability Transfers and Registration Process**

##### **40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers**

To be eligible to engage in any bilateral assignment, sale, or other transfer of Remaining Import Capability under Step 8 of Section 40.4.6.2.1 or Section 40.4.6.2.2.2 or Existing Contract Import Capability, and Pre-RA Import Commitment Capability under Section 40.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:

- (a) Name of the Load Serving Entity or Market Participant
- (b) E-mail contact information

The CAISO will post to the CAISO Website the information received under this Section on a monthly basis in accordance with the schedule set forth in the Business Practice Manual. Any assignment, sale, or other transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability may only be made by or to a Load Serving Entity or Market Participant whose information received under this Section has been posted to the CAISO Website prior to the date of the assignment, sale, or other transfer of the Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability. It shall be the exclusive responsibility of the Scheduling Coordinator for the Load Serving Entity or Market Participant to ensure that the information posted to the CAISO Website under this Section is accurate and up to date.

#### **40.4.6.2.2 Reporting Process for Bilateral Import Capability Transfers**

This Section shall apply to all transfers of Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability other than that provided for in Step 8 of Section 40.4.6.2.1.

Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability in MW increments. The import capability subject to each transfer shall remain on the Intertie assigned pursuant to Section 40.4.6.2.1.

The Scheduling Coordinator for the Load Serving Entity or Market Participant receiving the transferred Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability must report the transfer to the CAISO through the CAISO's Import Capability Transfer Registration Process by providing the following information:

- (a) Identity of the counter-party(ies);
- (b) The MW quantity;
- (c) The Intertie on which the Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability was assigned;
- (d) Term of the transfer;
- (e) Price on a per MW basis; and
- (f) Whether the import capability assignment being transferred is Existing Contract

Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability.

The CAISO will promptly post to the CAISO Website the information on transfers received under this Section except for the information received pursuant to subpart (f) of this Section. On a quarterly basis, the CAISO shall also report to FERC the transfer information received under this Section and Step 8 of Section 40.4.6.2.1. Transfer information received in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the transfer submission.

#### **40.4.6.2.2.3 Other Import Capability Information Postings**

The CAISO will post to the CAISO Website on a monthly basis in accordance with the schedule set forth in the Business Practice Manual, for each Intertie, the holder and that holder's quantity in MW of import capability assigned on the particular Intertie as of the reporting date.

The CAISO will also post to the CAISO Website following submission of the annual Resource Adequacy Plans under Sections 40.2.1.1, 40.2.2.4, 40.2.3.4, and 40.2.4, for each Intertie, by a "yes" or "no" designation, whether each holder of import capability assigned on the particular Intertie has fully included the assigned import capability in the holder's annual Resource Adequacy Plans.

#### **40.4.6.3 Deliverability of Distributed Generation**

The CAISO will perform an annual Deliverability Assessment, as described in Section 40.4.6.3.1, to determine MW quantities of Potential DGD at specific Nodes of the CAISO Controlled Grid for assigning Deliverability Status to Distributed Generation Facilities interconnected or seeking interconnection to the Distribution System of a Utility Distribution Company or a Metered Subsystem pursuant to the interconnection procedures of the Utility Distribution Company or Metered Subsystem, where such interconnection and Potential Deliverability Status can be provided:

- (i) without any additional Delivery Network Upgrades (although Reliability Network Upgrades, Distribution Upgrades or other mitigation may be needed);
- (ii) without the need for the CAISO to conduct any further Deliverability Assessment; and
- (iii) without degrading the Deliverability Status of Generation in Commercial Operation, proposed Generating Facilities in the CAISO Interconnection queue, or the Distributed

Generation Facilities of interconnection customers who have previously requested Full Capacity or Partial Capacity Deliverability Status.

Following the CAISO's publication of the nodal Potential DGD quantities resulting from the Deliverability Assessment, applicable Utility Distribution Companies and Metered Subsystems will assign Full Capacity Deliverability Status or Partial Capacity Deliverability Status to specific Distributed Generation Facilities pursuant to the rules set forth in Section 40.4.6.3.2.

This Section 40.4.6.3 is intended to supplement, and not to preclude or limit, the ability of an interconnection customer for a Distributed Generation Facility to seek and receive Full Capacity Deliverability Status or Partial Capacity Deliverability Status through applicable interconnection procedures. Nothing in this Section 40.4.6.3 is intended to relieve the interconnection customer for a Distributed Generation Facility from the requirements to request and achieve interconnection to the Distribution System through the applicable interconnection procedures. In addition, the amount of Resource Adequacy Capacity a Distributed Generation Facility may provide in any given Resource Adequacy Compliance Year is subject to the CAISO's annual Net Qualifying Capacity determination, as specified in Section 40.4.6.1.

#### **40.4.6.3.1 Deliverability Assessment to Determine Potential DGD**

This Section describes the annual DG Deliverability Assessment the CAISO will perform to determine nodal MW amounts of Potential DGD available to Utility Distribution Companies and Metered Subsystems for assigning Deliverability Status to Distributed Generation Facilities in accordance with Section 40.4.6.3.2. The DG Deliverability Assessment and its results will be based on the assumption that the Distributed Generation Facilities that are eventually assigned Deliverability Status under Section 40.4.6.3 complete all requirements for interconnection to the Distribution System under the applicable interconnection process and that these Distributed Generation Facilities will be supported by needed Reliability Network Upgrades, Distribution Upgrades or other mitigation that would be needed to safely and reliably interconnect to the Distribution System and deliver Energy from the Distribution System to the appropriate CAISO Controlled Grid Node.

#### **40.4.6.3.1.1 Developing the Assessment Model**

To develop the base case model for the DG Deliverability Assessment, the CAISO will include:

- (i) The most recent GIP or GIDAP Queue Cluster Phase II Interconnection Study deliverability power flow base case, which includes Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status;
- (ii) Those Generating Facilities that have obtained Deliverability using the annual full capacity deliverability option under either Section 8.2 of the GIP, Section 9.2 of the GIDAP, or equivalent process(es) under the applicable Utility Distribution Company tariffs;
- (iii) Transmission additions and upgrades approved in the final comprehensive Transmission Plan for the most recent Transmission Planning Process cycle;
- (iv) Any Generating Facilities in the most recent GIDAP Phase I Interconnection Study that have been determined to be deliverable in accordance with their requested Deliverability Status (including Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status) and were not assigned any Delivery Network Upgrade costs in the Phase I Interconnection Study;
- (v) Delivery Network Upgrades that have received governmental approvals or for which Construction Activities have commenced;
- (vi) The MW amounts of resources interconnected to the Distribution System below specific Nodes of the CAISO Controlled Grid contained in the most recent Transmission Planning Process base portfolio, except that the CAISO will remove each Node (by using a zero MW value) located within electrical areas for which the most recently completed GIP or GIDAP Phase I or Phase II Interconnection Study has identified a need for a Delivery Network Upgrade or for which the most recent Phase II Interconnection Study identified and then removed a Delivery Network Upgrade to support Deliverability for MW amounts in the Interconnection queue;

- (vii) Actual distributed generation development based on the MW amount of distributed generation in applicable Utility Distribution Company and Metered Subsystem interconnection queues including non-net-energy-metering resources requesting interconnection through state-jurisdictional interconnection processes;
- (viii) Any additional information provided by each Utility Distribution Company and Metered Subsystem regarding anticipated distributed generation development on its Distribution System; and
- (ix) Other information that the CAISO, in its reasonable discretion, determines is necessary.

#### **40.4.6.3.1.2 Performing the DG Deliverability Assessment**

The CAISO will perform the DG Deliverability Assessment using the Deliverability Assessment procedures described in GIDAP Section 6.3.2 to determine the availability of transmission system capability, as reflected in the study model described above, to provide Deliverability Status for targeted amounts of additional distributed generation at given Nodes of the CAISO Controlled Grid. Except for Nodes that the CAISO removes by assigning a zero MW value pursuant to Section 40.4.6.3.1.1(vi), the targeted amounts of additional distributed generation at each Node shall be at least as large as the maximum of the corresponding nodal MW amounts determined in accordance with Sections 40.4.6.3.1.1(vi), 40.4.6.3.1.1(vii) or 40.4.6.3.1.1(viii). The CAISO may use larger targeted amounts as it deems appropriate to enhance the information provided by the DG Deliverability Assessment. The DG Deliverability Assessment will preserve modeled transmission system capability to provide requested levels of deliverability for the Generating Facilities of Interconnection Customers or the Distributed Generation Facilities of interconnection customers under a wholesale distribution access tariff who have previously requested Full Capacity or Partial Capacity Deliverability Status. Therefore, at each Node where all modeled Generating Facilities, including the distributed generation target amounts, cannot be simultaneously dispatched to the modeled output levels corresponding to their Full Capacity or Partial Capacity Deliverability Status without violating operating limits of the CAISO Controlled Grid, the CAISO will reduce the modeled distributed generation target amounts as needed to achieve a feasible Dispatch.

#### **40.4.6.3.1.3 Publishing Results of the DG Deliverability Assessment**

The CAISO will publish the results of the DG Deliverability Assessment by posting on the CAISO Website. The results will identify all Nodes modeled in the assessment with the corresponding nodal MW amounts of Potential DGD that (a) were studied as targeted amounts in the DG Deliverability Assessment; (b) were found to be deliverable in the DG Deliverability Assessment; and (c) are available for use by Utility Distribution Companies and Metered Subsystems to assign Deliverability Status to Distributed Generation Facilities in accordance with Section 40.4.6.3.2. The nodal MW amounts of Potential DGD available for assignment of Deliverability Status by Utility Distribution Companies and Metered Subsystems to individual Distributed Generation Facilities will be denominated in 0.01 MW increments and will not exceed the maximum of the corresponding nodal MW amounts determined in accordance with Sections 40.4.6.3.1.1(vi), 40.4.6.3.1.1(vii) or 40.4.6.3.1.1(viii), even though the amounts that were studied and found to be deliverable may be larger.

With respect to those Nodes at which more than one Utility Distribution Company's or Metered Subsystem's Distribution System is connected, the CAISO will publish, at the same time it publishes the results of the DG Deliverability Assessment, each Utility Distribution Company's or Metered Subsystem's respective share of the Potential DGD available to provide Deliverability Status to Distributed Generation Facilities at these Nodes based on the ratio of Load served via the facilities of each affected Utility Distribution Company and Metered Subsystem at such Nodes.

#### **40.4.6.3.1.4 Bilateral Transfers of Potential DGD at Shared Nodes**

A Utility Distribution Company or Metered Subsystem shall be entitled to transfer all or a portion of its MW share of Potential DGD at a Node that is shared with the Distribution System of another Utility Distribution Company or Metered Subsystem, in quantities no smaller than 0.01 MW. A Utility Distribution Company that is also an IOU Participating Transmission Owner shall be entitled to transfer a MW share of Potential DGD to another Utility Distribution Company or Metered Subsystem only to the extent that the total MW quantity associated with Distributed Generation Facilities connected or seeking interconnection to the IOU Participating Transmission Owner's Distribution System at the Node that are eligible to receive Deliverability Assignments pursuant to Section 40.4.6.3.2.2.1 is less than the available Potential DGD for that Node as indicated in the DG Deliverability Assessment for the current cycle. Both Utility Distribution

Companies or Metered Subsystems participating in a transfer pursuant to this Section 40.4.6.3.1.4 shall notify the CAISO of the transfer. Utility Distribution Companies and Metered Subsystems may engage in such transfers during the period from the date they received notification of their shares of Potential DGD at shared Nodes under Section 40.4.6.3.1.3 through the date on which Deliverability Status assignments must be provided to the CAISO, pursuant to Section 40.4.6.3.2.

#### **40.4.6.3.2 Assignment of Deliverability Status to Distributed Generation Facilities**

After completion of the DG Deliverability Assessment associated with the current cycle of the process described in Section 40.4.6.3, and in accordance with a Market Notice setting out the schedule for the cycle, each Utility Distribution Company and Metered Subsystem will assign Deliverability Status to individual Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of the Utility Distribution Company or Metered Subsystem below each Node where the CAISO's DG Deliverability Assessment for the current cycle has indicated the availability of Potential DGD, consistent with the rules set forth in this Section 40.4.6.3.2, and will report all such assignments to the CAISO in accordance with the schedule for the cycle.

Upon receipt of this information the CAISO will validate that the Utility Distribution Company's or Metered Subsystem's assignments of Deliverability Status to specific Distributed Generation Facilities is consistent with (i) the MW quantities of Potential DGD available to that Utility Distribution Company or Metered Subsystem at specific Nodes; the CAISO's methodology for associating the Deliverability Status of a specific generating resource type with a MW quantity of Potential DGD, as set forth in Section 40.4.6.3.2.1; and (iii) the time limit on a Distributed Generation Facility's expected future Commercial Operation date, as set forth in Section 40.4.6.3.2.2. If the CAISO identifies an inconsistency between a Utility Distribution Company's or Metered Subsystem's assignment of Deliverability Status to a Distributed Generation Facility and any of these requirements, the CAISO will notify the Utility Distribution Company or Metered Subsystem, and the Utility Distribution Company or Metered Subsystem in consultation with the CAISO will adjust its assignments of Deliverability Status as needed. The CAISO will then inform the Utility Distribution Company or Metered Subsystem that the validation process has been completed, and the Utility Distribution Company or Metered Subsystem will notify the Distributed Generation Facilities of their Deliverability Status assignments.

**40.4.6.3.2.1 Associating MW of Potential DGD with Deliverability Status of a Distributed Generation Facility**

As described further in a Business Practice Manual, Utility Distribution Company's or Metered Subsystem's association of a MW quantity of Potential DGD at a specific Node with the Deliverability Status of a specific Distributed Generation Facility shall be commensurate with the MW Energy production level appropriate to the type of generating resource comprising the facility modeled in the Deliverability Assessment, the qualifying capacity determination method for that resource type, the installed capacity of the facility, and the Deliverability Status (Full Capacity or Partial Capacity) to be assigned to the facility, and shall be consistent with the CAISO's methodology for modeling resources in its deliverability studies.

**40.4.6.3.2.2 Eligibility of Distributed Generation Facilities to Obtain Deliverability Status Assignment**

To be eligible to receive a Deliverability Status assignment, a Distributed Generation Facility must satisfy the requirements of the applicable application process pursuant to this Section 40.4.6.3.2.2 and, if the Distributed Generation Facility is not in Commercial Operation, it must have an expected Commercial Operation date set forth in its current interconnection request or interconnection agreement that is no later than three (3) years from the last date on which applications may be submitted for the current DG Deliverability Assessment cycle.

**40.4.6.3.2.2.1 Eligibility to Obtain Deliverability Status Assignment from IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of an IOU Participating Transmission Owner may apply to the applicable IOU Participating Transmission Owner to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle as follows:

- (i) Distributed Generation Facilities that are already in Commercial Operation and interconnected to the Distribution System of an IOU Participating Transmission Owner that do not have Deliverability Status may submit an application to be eligible for Full or

Partial Capacity Deliverability Status, and those that have Partial Capacity Deliverability Status may apply to be eligible for a higher level of Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

- (ii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not requested Deliverability Status in the underlying interconnection process but have received their Phase I interconnection study results or the equivalent thereof may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.
- (iii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not received their Phase I interconnection study results or the equivalent thereof, irrespective of whether they requested Deliverability Status in their interconnection request, may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have requested Deliverability Status in the underlying interconnection process and have already received Phase I interconnection study results or the equivalent thereof are not eligible to be assigned Deliverability Status pursuant to Section 40.4.6.3 because their Deliverability Status is protected in accordance with the provisions of Section 40.4.6.3.1 and will be assigned through the applicable IOU Participating Transmission Owner's interconnection process. Applications from Distributed Generation Facilities in the eligible categories specified above must be submitted by the deadline specified in the schedule for the current DG Deliverability Assessment cycle in order for the Distributed Generation Facility to be treated as eligible to receive a Deliverability Status assignment in the current cycle. Distributed Generation Facilities that fail to apply in a timely manner will be assumed not to be seeking Deliverability Status in the current cycle. The CAISO will issue a Market Notice announcing the deadline for submitting applications. The deadline will be no earlier than thirty (30) days after the CAISO publishes the results of the DG Deliverability Assessment. The form of

the application shall be specified in a Business Practice Manual. The application shall be submitted to the applicable Participating Transmission Owner, which shall provide a copy of the application to the CAISO within five (5) Business Days after the application was submitted.

**40.4.6.3.2.2 Eligibility to Obtain Deliverability Status Assignment from Utility Distribution Companies and Metered Subsystems that are Not IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of a Utility Distribution Company or Metered Subsystem that is not an IOU Participating Transmission Owner may apply to the applicable Utility Distribution Company or Metered Subsystem to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle pursuant to individual interconnection procedures of the Utility Distribution Company or Metered Subsystem.

**40.4.6.3.2.3 Assignment of Deliverability Status to Distributed Generation Facilities by IOU Participating Transmission Owners**

Utility Distribution Companies that are also IOU Participating Transmission Owners will assign Deliverability Status on a first-come, first-served basis to those Distributed Generation Facilities either interconnected or seeking interconnection to their Distribution Systems at each applicable Node, and that are eligible for assignment pursuant to Section 40.4.6.3.2.2.1, in the following priority order:

- (1) Distributed Generation Facilities already in Commercial Operation and interconnected to the Distribution System of the applicable IOU Participating Transmission Owner as of the deadline for submitting applications pursuant to Section 40.4.6.3.2.2.1, in order of the date they achieved Commercial Operation, from earliest to most recent. At Nodes where there is insufficient Potential DGD indicated in the DG Deliverability Assessment to fulfill all Deliverability Status applications received during the current cycle from Distributed Generation Facilities already in Commercial Operation, and two or more such Distributed Generation Facilities next in order to obtain the last remaining increment of Potential DGD at a Node have the same Commercial Operation date, each such resource shall receive a pro rata share of the remaining Potential DGD in proportion to its MW Energy production level as modeled by the CAISO for the purpose of the CAISO's Deliverability

Assessment methodology, in accordance with the level of Deliverability Status applied for in the current cycle.

- (2) Distributed Generation Facilities with an active interconnection request in the interconnection queue of the applicable IOU Participating Transmission Owner that have submitted an application pursuant to Section 40.4.6.3.2.2.1 to obtain Deliverability Status through the process set forth in Section 40.4.6.3, in order of their queue position in the applicable interconnection process. At Nodes where there is insufficient Potential DGD indicated in the DG Deliverability Assessment to provide Deliverability Status to eligible Distributed Generation Facilities with active interconnection requests, and two or more such Distributed Generation Facilities next in order to obtain the last remaining increment of Potential DGD have the same interconnection queue position, the remaining amount of Potential DGD will be allocated in order of expected Commercial Operation date, from earliest to furthest in the future. For purposes of this determination, the expected Commercial Operation date shall be the Commercial Operation date specified in the Distributed Generation Facility's interconnection agreement, or if no interconnection agreement has yet been executed, the Distributed Generation Facility's application submitted pursuant to Section 40.4.6.3.2.2.1. If two or more such Distributed Generation Facilities have the same expected Commercial Operation date, each such resource shall receive a pro rata share of the remaining Potential DGD in proportion to its expected MW Energy production level as modeled by the CAISO for the purpose of the CAISO's Deliverability Assessment methodology, in accordance with the level of Deliverability Status requested in the current cycle.

Pursuant to this process, an IOU Participating Transmission Owner shall, during each cycle, fully utilize the maximum amount of Potential DGD available at each Node to provide Deliverability Status to eligible Distributed Generation Resources. If, however, the total MW quantity associated with eligible Distributed Generation Resources at a particular Node is less than the available Potential DGD for that Node as indicated in the DG Deliverability Assessment for the current cycle, then the excess quantity of Potential DGD shall be treated as unassigned Potential DGD in accordance with Section 40.4.6.3.3.

#### **40.4.6.3.2.4 Assignment of Deliverability Status to Distributed Generation Facilities by Utility Distribution Companies and Metered Subsystems that are not IOU Participating Transmission Owners**

Utility Distribution Companies and Metered Subsystems that are not IOU Participating Transmission Owners will assign Deliverability Status to individual Distributed Generating Facilities interconnected, or seeking interconnection, to the Distribution System of such Utility Distribution Company or Metered Subsystem based on the Potential DGD available at applicable Nodes pursuant to their individual interconnection procedures. Such Utility Distribution Companies and Metered Subsystems may report assignments of Deliverability Status to the CAISO at any time. However, only those assignments of Deliverability Status that are reported to the CAISO in accordance with the assignment schedule established by the CAISO for the current DG Deliverability Assessment cycle will be eligible for inclusion in the CAISO's annual Net Qualifying Capacity determination as specified in Section 40.4.6.1 and thereby eligible to be designated as Resource Adequacy Resources for the next Resource Adequacy Compliance Year.

#### **40.4.6.3.3 Unassigned Potential DGD**

If a Utility Distribution Company or Metered Subsystem does not fully utilize the MW quantity of Potential DGD available to assign Deliverability Status to specific Distributed Generation Facilities during an annual DG Deliverability Assessment cycle, the CAISO will preserve the unassigned Potential DGD for that Utility Distribution Company or Metered Subsystem through the next cycle.

#### **40.4.6.3.4 Deliverability Status of Distributed Generation Facilities**

Once a Utility Distribution Company or Metered Subsystem has assigned Deliverability Status to a specific Distributed Generation Facility and reported such assignment to the CAISO, and the CAISO has validated and accepted the reported information as specified under Section 40.4.6.3.2, the Deliverability Status becomes an attribute of the Distributed Generation Facility to which it was assigned. A Distributed Generation Facility assigned Deliverability Status pursuant to an application submitted under Section 40.4.6.3.2.2.1(iii) will be subject to the provisions of Section 40.4.6.3 with regard to its assigned Deliverability Status and will continue through the interconnection process for all other purposes as a request for Energy-Only Deliverability Status.

Distributed Generation Facilities that are assigned Deliverability Status pursuant to Section 40.4.6.3 prior to achieving Commercial Operation must, in order to retain such assignment, achieve Commercial Operation no later than six months after the Commercial Operation date specified in the Distributed Generation Facility's interconnection agreement, or if no interconnection agreement had been executed at the time the assignment was made, the Distributed Generation Facility's application submitted pursuant to Section 40.4.6.3.2.2. However, if the Distributed Generation Facility submitted its application pursuant to Section 40.4.6.3.2.2.1(ii), such assignment shall not be revoked if the Distributed Generation Facility's failure to achieve Commercial Operation within six months of its indicated Commercial Operation date is due to a delay in the Utility Distribution Company's or Metered Subsystem's completion of the upgrades necessary for the Distributed Generation Facility's interconnection. The applicable Utility Distribution Company or Metered Subsystem must report any such revocations and delays to the CAISO in accordance with the date set forth in a Business Practice Manual or in a Market Notice establishing the schedule for the annual DG Deliverability Assessment cycle.

With respect to a Distributed Generation Facility that meets this retention requirement, once that Distributed Generation Facility has achieved Commercial Operation, it will retain its assigned Deliverability Status for as long it remains in Commercial Operation. This also applies to Distributed Generation Facilities that were already in Commercial Operation at the time the assignment was made. Any loss of Deliverability Status granted pursuant to Section 40.4.6.3, due to either permanent cessation of commercial operation of a Distributed Generation Facility or revocation due to failure to meet the Commercial Operation date requirement set forth above, will be appropriately modeled by the CAISO in the next DG Deliverability Assessment cycle. Depending on other changes that may have occurred on the CAISO Controlled Grid and connected Distribution Systems, or in associated interconnection queues, additional Potential DGD may be available in the next cycle for assignment of Deliverability Status in accordance with the process set forth in Section 40.4.6.3.

\*\*\*

### **43.1 Applicability**

This Section 43 shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence prior to May 1, 2016. Designations of CPM Capacity and Flexible

Capacity CPM not made through a CSP and in existence as of April 30, 2016 shall continue in effect and remain subject to the tariff provisions applicable at the time the designation of CPM Capacity or Flexible Capacity CPM was made, including the provisions concerning compensation, cost allocation and Settlement, until such time as the CPM resources have been finally compensated for their services rendered under the CPM prior to , and the CAISO has finally allocated and recovered the costs associated with such CPM compensation.

\*\*\*

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

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

**Attachment B – Marked Tariff Records**

**Capacity Procurement Mechanism – Compliance Filing**

**California Independent System Operator Corporation**

### **34.11 Exceptional Dispatch**

The CAISO may issue Exceptional Dispatches for the circumstances described in this Section 34.11, which may require the issuance of forced Shut-Downs, forced Start-Ups, or forced MSG Transitions and shall be consistent with Good Utility Practice. Dispatch Instructions issued pursuant to Exceptional Dispatches shall be entered manually by the CAISO Operator into the Day-Ahead or RTM optimization software so that they will be accounted for and included in the communication of Day-Ahead Schedules and Dispatch Instructions to Scheduling Coordinators. Exceptional Dispatches are not used to establish the LMP at the applicable PNode. The CAISO will record the circumstances that have led to the Exceptional Dispatch. When considering the issuance of an Exceptional Dispatch to RA Capacity, the CAISO shall consider the effectiveness of the resource from which the capacity is being provided, along with Start-Up Costs, Transition Costs, and Minimum Load Costs when issuing Exceptional Dispatches to commit a resource to operate at Minimum Load. When the CAISO issues Exceptional Dispatches for Energy to RA Capacity, the CAISO shall also consider Energy Bids, if available and as appropriate. Additionally, where the Exceptional Dispatch results in a CPM designation, the CAISO shall make CPM designations of Eligible Capacity for an Exceptional Dispatch by applying the criteria and procedures specified in Section 43A.4.

\*\*\*

### **39.10.3 Eligibility For Supplemental Revenues**

Except as provided in Section 39.10.4, a resource that is committed or dispatched under Exceptional Dispatch shall be eligible for supplemental revenues only during such times that the capacity from the resource dispatched under Exceptional Dispatch is Eligible Capacity, the Eligible Capacity does not have an offer into the applicable CSP, and has declined an Exceptional Dispatch CPM designation offered under Section 43A.2.5.

### **39.10.4 Limitation On Supplemental Revenues**

Supplemental revenues authorized under this Section 39.10 shall not exceed within a 30-day period (this 30-day period begins on the day of the first Exceptional Dispatch of the resource and re-starts on the day of the first Exceptional Dispatch of the resource following the end of any prior 30-day period) the CPM

Soft Offer Cap, for which the resource would be eligible pursuant to Section 43A.7 had its Eligible Capacity been designated as CPM Capacity.

\*\*\*

#### **40.4.6, Reductions For Deliverability**

##### **40.4.6.1 Deliverability Within the CAISO Balancing Authority Area**

In order to determine Net Qualifying Capacity from Resource Adequacy Resources subject to this Section 40.4, the CAISO will determine that a Resource Adequacy Resource is available to serve the aggregate of Load by means of a deliverability study. Documentation explaining the CAISO's deliverability analysis will be posted on the CAISO Website. The deliverability study will be performed annually and shall focus on peak Demand conditions. The results of the deliverability study shall be incorporated into the Net Qualifying Capacity annual report under Section 40.4.2 and will be effective for the next Resource Adequacy Compliance Year. To the extent the deliverability study shows that the Qualifying Capacity is not deliverable to the aggregate of Demand under the conditions studied, the Qualifying Capacity of the Resource Adequacy Resource will be reduced on a MW basis for the capacity that is undeliverable. Resources will be electrically grouped in a manner consistent with the CAISO Deliverability Assessment methodology posted on the CAISO Website. For Resource Adequacy Resources in the same electrical group which have identified deliverability constraints, the Qualifying Capacity of the Resource Adequacy Resources that obtained Full Capacity Deliverability Status or partial deliverability through Section 8.2 of Appendix Y to this CAISO Tariff will be reduced prior to reducing the Qualifying Capacity of those resources which were originally provided Full Capacity Deliverability Status pursuant to inclusion in an Interconnection Study Cycle under Appendix Y to this CAISO Tariff.

##### **40.4.6.2 Deliverability of Imports**

###### **40.4.6.2.1 Available Import Capability Assignment Process**

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Scheduling Coordinators representing Load Serving Entities serving Load in the CAISO Balancing Authority Area and, in limited circumstances, to Scheduling Coordinators representing Participating Generators or System Resources,

as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for Resource Adequacy Compliance Year 2008 through April 2009.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of- Balancing Authority Area LSEs: For each Intertie, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each Intertie the import capability on each Intertie associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the CAISO Balancing Authority Area. The remaining sum of all Intertie Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the CAISO Balancing Authority Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by CAISO Balancing Authority Area LSEs: From the Available Import Capability remaining on each Intertie after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the CAISO Balancing Authority Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area Pre-RA Import Commitment Capability on a particular Intertie based on Pre-RA Import Commitments in effect

(where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the Resource Adequacy Compliance Year for which the Available Import Capacity assignment is being performed. The Pre-RA Import Commitment will be assigned to the Intertie selected by the Load Serving Entity during the Resource Adequacy Compliance Year 2007 import capability assignment process, which was required to be based on the Intertie upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the Resource Adequacy Compliance Year 2007 import capability assignment process, the primary Intertie upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the Resource Adequacy Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the Intertie upon which the Pre-RA Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capacity assignment processes. If a Pre-RA Import Commitment submitted on behalf of a LSE with Existing Contract Import Capacity is assigned under this Section to the same Intertie on which the LSE holds Existing Contract Import Capacity, the Pre-RA Import Commitment will be assumed to deliver over the Existing Contract Import Capacity until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the Resource Adequacy Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import Capacity of the Intertie, such that the MW represented in all Pre-RA Import Commitments utilizing the Intertie exceed the Intertie's Available Import Capacity in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capacity, based on the Import Capacity Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular Intertie. To the extent this initial assignment of Pre-RA Import Commitment Capacity has not fully assigned the Available Import Capacity of the particular over requested Intertie, the remaining Available Import Capacity on the over requested Intertie will be assigned until fully

exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the CAISO Balancing Authority Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. Only the MW quantity of any Pre-RA Import Commitment Capability assigned to Existing Contract Import Capability under Step 4 that exceeds the Existing Contract Import Capability on the particular Intertie will be counted for purposes of this Step 5. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific Intertie.

Step 6: CAISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the CAISO will post to the CAISO Website, in accordance with the schedule set forth in the Business Practice Manual the following information:

- (a) The Total Import Capability;
- (b) The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each Intertie, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the CAISO Balancing Authority Area and those held by load serving entities outside the CAISO Balancing Authority Area;
- (c) The aggregate quantity in MW, and identity of the holders, of Pre-RA Import Commitments assigned to each Intertie; and
- (d) The aggregate quantity in MW of Available Import Capability after Step 4, the

identity of the Interties with Available Import Capability, and the MW quantity of Available Import Capability on each such Intertie.

Step 7: CAISO Notification of LSE Assignment Information: Following the completion of Step 5, in accordance with the schedule set forth in the Business Practice Manual, the CAISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- (a) The Load Serving Entity's Import Capability Load Share;
- (b) The Load Serving Entity's Load Share Quantity; and
- (c) The amount of, and Intertie on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- (d) The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: In accordance with the schedule set forth in the Business Practice Manual, a Scheduling Coordinator for a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Scheduling Coordinator for a Load Serving Entity. The CAISO will accept transfers between Scheduling Coordinators only to the extent such transfers are reported to the CAISO, in accordance with the schedule set forth in the Business Practice Manual and through the CAISO's Import Capability Transfer Registration Process, by the entity receiving the Remaining Import Capability who must set forth (1) the name of the counterparties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to the CAISO Website by August 8, 2007 for Resource Adequacy Compliance Year 2008 and for subsequent Resource Adequacy Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: In accordance with the schedule set forth in the Business Practice Manual, the Scheduling Coordinator for each Load Serving Entity shall notify the CAISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available Intertie. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining

Import Capability of its Load Serving Entities. The CAISO will honor the requests to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests for Remaining Import Capability on that Intertie will be assigned based on each Load Serving Entity's Import Capability Load Share Ratio in the same manner as set forth in Step 4. A Scheduling Coordinator for a Load Serving Entity without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: CAISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinators of accepted request(s) for assigning Remaining Import Capability under Step 9;
- (b) Publish on the CAISO Website aggregate unassigned Available Import Capability, if any, the identity of the Interties with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinators that Step 10 is complete and to specify the time at which the CAISO will begin accepting requests for the Remaining Import Capability for Step 11.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, in accordance with the schedule set forth in the Business Practice Manual, Scheduling Coordinators for Load Serving Entities shall notify the CAISO of their requests to assign any Remaining Import Capability on a MW per available Intertie basis. Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the CAISO. The CAISO will honor the timely requests received to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests on that Intertie will be

assigned based on each Load Serving Entity's Import Capability Load Share Ratio, as used in Steps 4 and 9.

**Step 12: Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability:** In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

- (a) Notify the Scheduling Coordinator for each Load Serving Entity of the Load Serving Entity's accepted request(s) for assigning Remaining Import Capability under Step 11;
- (b) Publish on the CAISO Website unassigned aggregate Available Import Capability, if any, the identity of the Interties with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such Intertie; and
- (c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity that Step 12 is complete and to specify the time at which the CAISO will begin accepting requests for the Balance of Year Unassigned Available Import Capability for Step 13.

**Step 13: Requests for Balance of Year Unassigned Available Import Capability:** To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the CAISO. Each request must include the identity of Load Serving Entity, Participating Generator, or System Resource on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity, Participating Generator, or System Resource. The CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving

Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year.

The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If a request made on behalf of a Load Serving Entity is honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability.

#### **40.4.6.2.2 Bilateral Import Capability Transfers and Registration Process**

##### **40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers**

To be eligible to engage in any bilateral assignment, sale, or other transfer of Remaining Import Capability under Step 8 of Section 40.4.6.2.1 or Section 40.4.6.2.2.2 or Existing Contract Import Capability, and Pre-RA Import Commitment Capability under Section 40.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:

- (a) Name of the Load Serving Entity or Market Participant
- (b) E-mail contact information

The CAISO will post to the CAISO Website the information received under this Section on a monthly basis in accordance with the schedule set forth in the Business Practice Manual. Any assignment, sale, or other transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability may only be made by or to a Load Serving Entity or Market Participant whose information received under this Section has been posted to the CAISO Website prior to the date of the assignment, sale, or other transfer of the Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability. It shall be the exclusive responsibility of the Scheduling Coordinator for the Load Serving Entity or Market Participant to ensure that the information posted to the CAISO Website under this Section is accurate and up to date.

#### **40.4.6.2.2 Reporting Process for Bilateral Import Capability Transfers**

This Section shall apply to all transfers of Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability other than that provided for in Step 8 of Section 40.4.6.2.1.

Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability in MW increments. The import capability subject to each transfer shall remain on the Intertie assigned pursuant to Section 40.4.6.2.1.

The Scheduling Coordinator for the Load Serving Entity or Market Participant receiving the transferred Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability must report the transfer to the CAISO through the CAISO's Import Capability Transfer Registration Process by providing the following information:

- (a) Identity of the counter-party(ies);
- (b) The MW quantity;
- (c) The Intertie on which the Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability was assigned;
- (d) Term of the transfer;
- (e) Price on a per MW basis; and
- (f) Whether the import capability assignment being transferred is Existing Contract

Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability.

The CAISO will promptly post to the CAISO Website the information on transfers received under this Section except for the information received pursuant to subpart (f) of this Section. On a quarterly basis, the CAISO shall also report to FERC the transfer information received under this Section and Step 8 of Section 40.4.6.2.1. Transfer information received in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the transfer submission.

#### **40.4.6.2.2.3 Other Import Capability Information Postings**

The CAISO will post to the CAISO Website on a monthly basis in accordance with the schedule set forth in the Business Practice Manual, for each Intertie, the holder and that holder's quantity in MW of import capability assigned on the particular Intertie as of the reporting date.

The CAISO will also post to the CAISO Website following submission of the annual Resource Adequacy Plans under Sections 40.2.1.1, 40.2.2.4, 40.2.3.4, and 40.2.4, for each Intertie, by a "yes" or "no" designation, whether each holder of import capability assigned on the particular Intertie has fully included the assigned import capability in the holder's annual Resource Adequacy Plans.

#### **40.4.6.3 Deliverability of Distributed Generation**

The CAISO will perform an annual Deliverability Assessment, as described in Section 40.4.6.3.1, to determine MW quantities of Potential DGD at specific Nodes of the CAISO Controlled Grid for assigning Deliverability Status to Distributed Generation Facilities interconnected or seeking interconnection to the Distribution System of a Utility Distribution Company or a Metered Subsystem pursuant to the interconnection procedures of the Utility Distribution Company or Metered Subsystem, where such interconnection and Potential Deliverability Status can be provided:

- (i) without any additional Delivery Network Upgrades (although Reliability Network Upgrades, Distribution Upgrades or other mitigation may be needed);
- (ii) without the need for the CAISO to conduct any further Deliverability Assessment; and
- (iii) without degrading the Deliverability Status of Generation in Commercial Operation, proposed Generating Facilities in the CAISO Interconnection queue, or the Distributed

Generation Facilities of interconnection customers who have previously requested Full Capacity or Partial Capacity Deliverability Status.

Following the CAISO's publication of the nodal Potential DGD quantities resulting from the Deliverability Assessment, applicable Utility Distribution Companies and Metered Subsystems will assign Full Capacity Deliverability Status or Partial Capacity Deliverability Status to specific Distributed Generation Facilities pursuant to the rules set forth in Section 40.4.6.3.2.

This Section 40.4.6.3 is intended to supplement, and not to preclude or limit, the ability of an interconnection customer for a Distributed Generation Facility to seek and receive Full Capacity Deliverability Status or Partial Capacity Deliverability Status through applicable interconnection procedures. Nothing in this Section 40.4.6.3 is intended to relieve the interconnection customer for a Distributed Generation Facility from the requirements to request and achieve interconnection to the Distribution System through the applicable interconnection procedures. In addition, the amount of Resource Adequacy Capacity a Distributed Generation Facility may provide in any given Resource Adequacy Compliance Year is subject to the CAISO's annual Net Qualifying Capacity determination, as specified in Section 40.4.6.1.

#### **40.4.6.3.1 Deliverability Assessment to Determine Potential DGD**

This Section describes the annual DG Deliverability Assessment the CAISO will perform to determine nodal MW amounts of Potential DGD available to Utility Distribution Companies and Metered Subsystems for assigning Deliverability Status to Distributed Generation Facilities in accordance with Section 40.4.6.3.2. The DG Deliverability Assessment and its results will be based on the assumption that the Distributed Generation Facilities that are eventually assigned Deliverability Status under Section 40.4.6.3 complete all requirements for interconnection to the Distribution System under the applicable interconnection process and that these Distributed Generation Facilities will be supported by needed Reliability Network Upgrades, Distribution Upgrades or other mitigation that would be needed to safely and reliably interconnect to the Distribution System and deliver Energy from the Distribution System to the appropriate CAISO Controlled Grid Node.

#### **40.4.6.3.1.1 Developing the Assessment Model**

To develop the base case model for the DG Deliverability Assessment, the CAISO will include:

- (i) The most recent GIP or GIDAP Queue Cluster Phase II Interconnection Study deliverability power flow base case, which includes Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status;
- (ii) Those Generating Facilities that have obtained Deliverability using the annual full capacity deliverability option under either Section 8.2 of the GIP, Section 9.2 of the GIDAP, or equivalent process(es) under the applicable Utility Distribution Company tariffs;
- (iii) Transmission additions and upgrades approved in the final comprehensive Transmission Plan for the most recent Transmission Planning Process cycle;
- (iv) Any Generating Facilities in the most recent GIDAP Phase I Interconnection Study that have been determined to be deliverable in accordance with their requested Deliverability Status (including Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status) and were not assigned any Delivery Network Upgrade costs in the Phase I Interconnection Study;
- (v) Delivery Network Upgrades that have received governmental approvals or for which Construction Activities have commenced;
- (vi) The MW amounts of resources interconnected to the Distribution System below specific Nodes of the CAISO Controlled Grid contained in the most recent Transmission Planning Process base portfolio, except that the CAISO will remove each Node (by using a zero MW value) located within electrical areas for which the most recently completed GIP or GIDAP Phase I or Phase II Interconnection Study has identified a need for a Delivery Network Upgrade or for which the most recent Phase II Interconnection Study identified and then removed a Delivery Network Upgrade to support Deliverability for MW amounts in the Interconnection queue;

- (vii) Actual distributed generation development based on the MW amount of distributed generation in applicable Utility Distribution Company and Metered Subsystem interconnection queues including non-net-energy-metering resources requesting interconnection through state-jurisdictional interconnection processes;
- (viii) Any additional information provided by each Utility Distribution Company and Metered Subsystem regarding anticipated distributed generation development on its Distribution System; and
- (ix) Other information that the CAISO, in its reasonable discretion, determines is necessary.

#### **40.4.6.3.1.2 Performing the DG Deliverability Assessment**

The CAISO will perform the DG Deliverability Assessment using the Deliverability Assessment procedures described in GIDAP Section 6.3.2 to determine the availability of transmission system capability, as reflected in the study model described above, to provide Deliverability Status for targeted amounts of additional distributed generation at given Nodes of the CAISO Controlled Grid. Except for Nodes that the CAISO removes by assigning a zero MW value pursuant to Section 40.4.6.3.1.1(vi), the targeted amounts of additional distributed generation at each Node shall be at least as large as the maximum of the corresponding nodal MW amounts determined in accordance with Sections 40.4.6.3.1.1(vi), 40.4.6.3.1.1(vii) or 40.4.6.3.1.1(viii). The CAISO may use larger targeted amounts as it deems appropriate to enhance the information provided by the DG Deliverability Assessment. The DG Deliverability Assessment will preserve modeled transmission system capability to provide requested levels of deliverability for the Generating Facilities of Interconnection Customers or the Distributed Generation Facilities of interconnection customers under a wholesale distribution access tariff who have previously requested Full Capacity or Partial Capacity Deliverability Status. Therefore, at each Node where all modeled Generating Facilities, including the distributed generation target amounts, cannot be simultaneously dispatched to the modeled output levels corresponding to their Full Capacity or Partial Capacity Deliverability Status without violating operating limits of the CAISO Controlled Grid, the CAISO will reduce the modeled distributed generation target amounts as needed to achieve a feasible Dispatch.

#### **40.4.6.3.1.3 Publishing Results of the DG Deliverability Assessment**

The CAISO will publish the results of the DG Deliverability Assessment by posting on the CAISO Website. The results will identify all Nodes modeled in the assessment with the corresponding nodal MW amounts of Potential DGD that (a) were studied as targeted amounts in the DG Deliverability Assessment; (b) were found to be deliverable in the DG Deliverability Assessment; and (c) are available for use by Utility Distribution Companies and Metered Subsystems to assign Deliverability Status to Distributed Generation Facilities in accordance with Section 40.4.6.3.2. The nodal MW amounts of Potential DGD available for assignment of Deliverability Status by Utility Distribution Companies and Metered Subsystems to individual Distributed Generation Facilities will be denominated in 0.01 MW increments and will not exceed the maximum of the corresponding nodal MW amounts determined in accordance with Sections 40.4.6.3.1.1(vi), 40.4.6.3.1.1(vii) or 40.4.6.3.1.1(viii), even though the amounts that were studied and found to be deliverable may be larger.

With respect to those Nodes at which more than one Utility Distribution Company's or Metered Subsystem's Distribution System is connected, the CAISO will publish, at the same time it publishes the results of the DG Deliverability Assessment, each Utility Distribution Company's or Metered Subsystem's respective share of the Potential DGD available to provide Deliverability Status to Distributed Generation Facilities at these Nodes based on the ratio of Load served via the facilities of each affected Utility Distribution Company and Metered Subsystem at such Nodes.

#### **40.4.6.3.1.4 Bilateral Transfers of Potential DGD at Shared Nodes**

A Utility Distribution Company or Metered Subsystem shall be entitled to transfer all or a portion of its MW share of Potential DGD at a Node that is shared with the Distribution System of another Utility Distribution Company or Metered Subsystem, in quantities no smaller than 0.01 MW. A Utility Distribution Company that is also an IOU Participating Transmission Owner shall be entitled to transfer a MW share of Potential DGD to another Utility Distribution Company or Metered Subsystem only to the extent that the total MW quantity associated with Distributed Generation Facilities connected or seeking interconnection to the IOU Participating Transmission Owner's Distribution System at the Node that are eligible to receive Deliverability Assignments pursuant to Section 40.4.6.3.2.2.1 is less than the available Potential DGD for that Node as indicated in the DG Deliverability Assessment for the current cycle. Both Utility Distribution

Companies or Metered Subsystems participating in a transfer pursuant to this Section 40.4.6.3.1.4 shall notify the CAISO of the transfer. Utility Distribution Companies and Metered Subsystems may engage in such transfers during the period from the date they received notification of their shares of Potential DGD at shared Nodes under Section 40.4.6.3.1.3 through the date on which Deliverability Status assignments must be provided to the CAISO, pursuant to Section 40.4.6.3.2.

#### **40.4.6.3.2 Assignment of Deliverability Status to Distributed Generation Facilities**

After completion of the DG Deliverability Assessment associated with the current cycle of the process described in Section 40.4.6.3, and in accordance with a Market Notice setting out the schedule for the cycle, each Utility Distribution Company and Metered Subsystem will assign Deliverability Status to individual Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of the Utility Distribution Company or Metered Subsystem below each Node where the CAISO's DG Deliverability Assessment for the current cycle has indicated the availability of Potential DGD, consistent with the rules set forth in this Section 40.4.6.3.2, and will report all such assignments to the CAISO in accordance with the schedule for the cycle.

Upon receipt of this information the CAISO will validate that the Utility Distribution Company's or Metered Subsystem's assignments of Deliverability Status to specific Distributed Generation Facilities is consistent with (i) the MW quantities of Potential DGD available to that Utility Distribution Company or Metered Subsystem at specific Nodes; the CAISO's methodology for associating the Deliverability Status of a specific generating resource type with a MW quantity of Potential DGD, as set forth in Section 40.4.6.3.2.1; and (iii) the time limit on a Distributed Generation Facility's expected future Commercial Operation date, as set forth in Section 40.4.6.3.2.2. If the CAISO identifies an inconsistency between a Utility Distribution Company's or Metered Subsystem's assignment of Deliverability Status to a Distributed Generation Facility and any of these requirements, the CAISO will notify the Utility Distribution Company or Metered Subsystem, and the Utility Distribution Company or Metered Subsystem in consultation with the CAISO will adjust its assignments of Deliverability Status as needed. The CAISO will then inform the Utility Distribution Company or Metered Subsystem that the validation process has been completed, and the Utility Distribution Company or Metered Subsystem will notify the Distributed Generation Facilities of their Deliverability Status assignments.

**40.4.6.3.2.1 Associating MW of Potential DGD with Deliverability Status of a Distributed Generation Facility**

As described further in a Business Practice Manual, Utility Distribution Company's or Metered Subsystem's association of a MW quantity of Potential DGD at a specific Node with the Deliverability Status of a specific Distributed Generation Facility shall be commensurate with the MW Energy production level appropriate to the type of generating resource comprising the facility modeled in the Deliverability Assessment, the qualifying capacity determination method for that resource type, the installed capacity of the facility, and the Deliverability Status (Full Capacity or Partial Capacity) to be assigned to the facility, and shall be consistent with the CAISO's methodology for modeling resources in its deliverability studies.

**40.4.6.3.2.2 Eligibility of Distributed Generation Facilities to Obtain Deliverability Status Assignment**

To be eligible to receive a Deliverability Status assignment, a Distributed Generation Facility must satisfy the requirements of the applicable application process pursuant to this Section 40.4.6.3.2.2 and, if the Distributed Generation Facility is not in Commercial Operation, it must have an expected Commercial Operation date set forth in its current interconnection request or interconnection agreement that is no later than three (3) years from the last date on which applications may be submitted for the current DG Deliverability Assessment cycle.

**40.4.6.3.2.2.1 Eligibility to Obtain Deliverability Status Assignment from IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of an IOU Participating Transmission Owner may apply to the applicable IOU Participating Transmission Owner to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle as follows:

- (i) Distributed Generation Facilities that are already in Commercial Operation and interconnected to the Distribution System of an IOU Participating Transmission Owner that do not have Deliverability Status may submit an application to be eligible for Full or

Partial Capacity Deliverability Status, and those that have Partial Capacity Deliverability Status may apply to be eligible for a higher level of Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

- (ii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not requested Deliverability Status in the underlying interconnection process but have received their Phase I interconnection study results or the equivalent thereof may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.
- (iii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not received their Phase I interconnection study results or the equivalent thereof, irrespective of whether they requested Deliverability Status in their interconnection request, may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have requested Deliverability Status in the underlying interconnection process and have already received Phase I interconnection study results or the equivalent thereof are not eligible to be assigned Deliverability Status pursuant to Section 40.4.6.3 because their Deliverability Status is protected in accordance with the provisions of Section 40.4.6.3.1 and will be assigned through the applicable IOU Participating Transmission Owner's interconnection process. Applications from Distributed Generation Facilities in the eligible categories specified above must be submitted by the deadline specified in the schedule for the current DG Deliverability Assessment cycle in order for the Distributed Generation Facility to be treated as eligible to receive a Deliverability Status assignment in the current cycle. Distributed Generation Facilities that fail to apply in a timely manner will be assumed not to be seeking Deliverability Status in the current cycle. The CAISO will issue a Market Notice announcing the deadline for submitting applications. The deadline will be no earlier than thirty (30) days after the CAISO publishes the results of the DG Deliverability Assessment. The form of

the application shall be specified in a Business Practice Manual. The application shall be submitted to the applicable Participating Transmission Owner, which shall provide a copy of the application to the CAISO within five (5) Business Days after the application was submitted.

**40.4.6.3.2.2 Eligibility to Obtain Deliverability Status Assignment from Utility Distribution Companies and Metered Subsystems that are Not IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of a Utility Distribution Company or Metered Subsystem that is not an IOU Participating Transmission Owner may apply to the applicable Utility Distribution Company or Metered Subsystem to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle pursuant to individual interconnection procedures of the Utility Distribution Company or Metered Subsystem.

**40.4.6.3.2.3 Assignment of Deliverability Status to Distributed Generation Facilities by IOU Participating Transmission Owners**

Utility Distribution Companies that are also IOU Participating Transmission Owners will assign Deliverability Status on a first-come, first-served basis to those Distributed Generation Facilities either interconnected or seeking interconnection to their Distribution Systems at each applicable Node, and that are eligible for assignment pursuant to Section 40.4.6.3.2.2.1, in the following priority order:

- (1) Distributed Generation Facilities already in Commercial Operation and interconnected to the Distribution System of the applicable IOU Participating Transmission Owner as of the deadline for submitting applications pursuant to Section 40.4.6.3.2.2.1, in order of the date they achieved Commercial Operation, from earliest to most recent. At Nodes where there is insufficient Potential DGD indicated in the DG Deliverability Assessment to fulfill all Deliverability Status applications received during the current cycle from Distributed Generation Facilities already in Commercial Operation, and two or more such Distributed Generation Facilities next in order to obtain the last remaining increment of Potential DGD at a Node have the same Commercial Operation date, each such resource shall receive a pro rata share of the remaining Potential DGD in proportion to its MW Energy production level as modeled by the CAISO for the purpose of the CAISO's Deliverability

Assessment methodology, in accordance with the level of Deliverability Status applied for in the current cycle.

- (2) Distributed Generation Facilities with an active interconnection request in the interconnection queue of the applicable IOU Participating Transmission Owner that have submitted an application pursuant to Section 40.4.6.3.2.2.1 to obtain Deliverability Status through the process set forth in Section 40.4.6.3, in order of their queue position in the applicable interconnection process. At Nodes where there is insufficient Potential DGD indicated in the DG Deliverability Assessment to provide Deliverability Status to eligible Distributed Generation Facilities with active interconnection requests, and two or more such Distributed Generation Facilities next in order to obtain the last remaining increment of Potential DGD have the same interconnection queue position, the remaining amount of Potential DGD will be allocated in order of expected Commercial Operation date, from earliest to furthest in the future. For purposes of this determination, the expected Commercial Operation date shall be the Commercial Operation date specified in the Distributed Generation Facility's interconnection agreement, or if no interconnection agreement has yet been executed, the Distributed Generation Facility's application submitted pursuant to Section 40.4.6.3.2.2.1. If two or more such Distributed Generation Facilities have the same expected Commercial Operation date, each such resource shall receive a pro rata share of the remaining Potential DGD in proportion to its expected MW Energy production level as modeled by the CAISO for the purpose of the CAISO's Deliverability Assessment methodology, in accordance with the level of Deliverability Status requested in the current cycle.

Pursuant to this process, an IOU Participating Transmission Owner shall, during each cycle, fully utilize the maximum amount of Potential DGD available at each Node to provide Deliverability Status to eligible Distributed Generation Resources. If, however, the total MW quantity associated with eligible Distributed Generation Resources at a particular Node is less than the available Potential DGD for that Node as indicated in the DG Deliverability Assessment for the current cycle, then the excess quantity of Potential DGD shall be treated as unassigned Potential DGD in accordance with Section 40.4.6.3.3.

#### **40.4.6.3.2.4 Assignment of Deliverability Status to Distributed Generation Facilities by Utility Distribution Companies and Metered Subsystems that are not IOU Participating Transmission Owners**

Utility Distribution Companies and Metered Subsystems that are not IOU Participating Transmission Owners will assign Deliverability Status to individual Distributed Generating Facilities interconnected, or seeking interconnection, to the Distribution System of such Utility Distribution Company or Metered Subsystem based on the Potential DGD available at applicable Nodes pursuant to their individual interconnection procedures. Such Utility Distribution Companies and Metered Subsystems may report assignments of Deliverability Status to the CAISO at any time. However, only those assignments of Deliverability Status that are reported to the CAISO in accordance with the assignment schedule established by the CAISO for the current DG Deliverability Assessment cycle will be eligible for inclusion in the CAISO's annual Net Qualifying Capacity determination as specified in Section 40.4.6.1 and thereby eligible to be designated as Resource Adequacy Resources for the next Resource Adequacy Compliance Year.

#### **40.4.6.3.3 Unassigned Potential DGD**

If a Utility Distribution Company or Metered Subsystem does not fully utilize the MW quantity of Potential DGD available to assign Deliverability Status to specific Distributed Generation Facilities during an annual DG Deliverability Assessment cycle, the CAISO will preserve the unassigned Potential DGD for that Utility Distribution Company or Metered Subsystem through the next cycle.

#### **40.4.6.3.4 Deliverability Status of Distributed Generation Facilities**

Once a Utility Distribution Company or Metered Subsystem has assigned Deliverability Status to a specific Distributed Generation Facility and reported such assignment to the CAISO, and the CAISO has validated and accepted the reported information as specified under Section 40.4.6.3.2, the Deliverability Status becomes an attribute of the Distributed Generation Facility to which it was assigned. A Distributed Generation Facility assigned Deliverability Status pursuant to an application submitted under Section 40.4.6.3.2.2.1(iii) will be subject to the provisions of Section 40.4.6.3 with regard to its assigned Deliverability Status and will continue through the interconnection process for all other purposes as a request for Energy-Only Deliverability Status.

Distributed Generation Facilities that are assigned Deliverability Status pursuant to Section 40.4.6.3 prior to achieving Commercial Operation must, in order to retain such assignment, achieve Commercial Operation no later than six months after the Commercial Operation date specified in the Distributed Generation Facility's interconnection agreement, or if no interconnection agreement had been executed at the time the assignment was made, the Distributed Generation Facility's application submitted pursuant to Section 40.4.6.3.2.2. However, if the Distributed Generation Facility submitted its application pursuant to Section 40.4.6.3.2.2.1(ii), such assignment shall not be revoked if the Distributed Generation Facility's failure to achieve Commercial Operation within six months of its indicated Commercial Operation date is due to a delay in the Utility Distribution Company's or Metered Subsystem's completion of the upgrades necessary for the Distributed Generation Facility's interconnection. The applicable Utility Distribution Company or Metered Subsystem must report any such revocations and delays to the CAISO in accordance with the date set forth in a Business Practice Manual or in a Market Notice establishing the schedule for the annual DG Deliverability Assessment cycle.

With respect to a Distributed Generation Facility that meets this retention requirement, once that Distributed Generation Facility has achieved Commercial Operation, it will retain its assigned Deliverability Status for as long it remains in Commercial Operation. This also applies to Distributed Generation Facilities that were already in Commercial Operation at the time the assignment was made. Any loss of Deliverability Status granted pursuant to Section 40.4.6.3, due to either permanent cessation of commercial operation of a Distributed Generation Facility or revocation due to failure to meet the Commercial Operation date requirement set forth above, will be appropriately modeled by the CAISO in the next DG Deliverability Assessment cycle. Depending on other changes that may have occurred on the CAISO Controlled Grid and connected Distribution Systems, or in associated interconnection queues, additional Potential DGD may be available in the next cycle for assignment of Deliverability Status in accordance with the process set forth in Section 40.4.6.3.

\*\*\*

### **43.1 Applicability**

This Section 43 shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence prior to ~~April~~ May 1, 2016. Designations of CPM Capacity and Flexible

Capacity CPM not made through a CSP and in existence as of ~~March 31~~ April 30, 2016 shall continue in effect and remain subject to the tariff provisions applicable at the time the designation of CPM Capacity or Flexible Capacity CPM was made, including the provisions concerning compensation, cost allocation and Settlement, until such time as the CPM resources have been finally compensated for their services rendered under the CPM prior to , and the CAISO has finally allocated and recovered the costs associated with such CPM compensation.

\*\*\*

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

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