

March 9, 2017

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

**Re: California Independent System Operator Corporation  
Docket No. ER17-\_\_\_\_-000**

**Filing to Conform CAISO Tariff in Three Areas and Request for  
Waiver of 60-Day Notice Requirement**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits this tariff amendment to address three tariff compliance issues. First, the CAISO proposes to amend the tariff so that market awards on the interties are deemed accepted if the scheduling coordinator does not affirmatively accept or decline a CAISO dispatch instruction within the time frame established in the Business Practice Manual. Second, the CAISO proposes to lengthen the timeline for implementing customized negotiated default energy bids generally to 11 business days which is both consistent with the existing master file change timeline and necessary based on the CAISO's experience since the CAISO assumed responsibility for negotiating and implementing negotiated default energy bids. Third, the CAISO proposes to remove the tariff provisions regarding the posting of effective flexible capacity values and flexibility capacity categories for resources under construction because the CAISO cannot reasonably create these values for such resources, and the values do not play any role in the CAISO market.<sup>1</sup>

Only one stakeholder, Southern California Edison Company (SCE), raised any concerns about these tariff modifications. SCE's concerns pertained primarily to the compressed process the CAISO used to present these relatively minor tariff modifications to stakeholders rather than the substance of the proposed tariff changes. The CAISO believes it has resolved these concerns and that no stakeholder opposes the proposed changes. As explained below, the CAISO has discussed these concerns with SCE, and SCE has authorized the CAISO to state

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<sup>1</sup> The CAISO submits this filing pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d.

that it does not oppose the proposed changes. Only one other stakeholder, Powerex Corporation (Powerex), commented on the CAISO's proposal. Powerex proposed a tariff clarification on a separate, unrelated issue, but took no position on the CAISO's proposed tariff modifications. The CAISO will consider Powerex's requested clarification in an ongoing stakeholder process.

Two of the three tariff modifications proposed herein are necessary because the CAISO practices have not been consistent with the tariff in certain respects. The CAISO explains below why changing one of those practices would be impracticable and changing the other would be detrimental to market participants. The CAISO regrets the oversights that allowed the affected tariff provisions to remain in place and assures both the Commission and all interested parties that it recognizes the importance of tariff compliance. The CAISO commits to identifying process improvements to reduce the risk of similar issues arising in the future. The third issue – lengthening the negotiated default energy bid implementation timeline – presents a compliance risk that the CAISO is proposing to mitigate.

The CAISO respectfully requests waiver of the Commission's 60-day notice requirement to permit these tariff revisions to become effective on March 10, 2017, one day after the date of this filing. Granting the waiver will align the affected tariff provisions with the CAISO's actual practices as soon as possible to reflect the realities of the CAISO's operations and processes.

## **I. Background**

This tariff amendment is the most recent in a series of tariff clarification filings the CAISO has submitted over the past several years to address miscellaneous issues it has identified with its tariff, which the CAISO revises from time to time, and is more than 2,800 pages. These clarification filings involve relatively minor changes and corrections to maintain the integrity and accuracy of the CAISO tariff.

In 2010, the CAISO reviewed its tariff to identify tariff language that needed clarification and correct inadvertent errors and inconsistencies in the tariff. The Commission accepted the tariff revisions resulting from that review in 2011.<sup>2</sup> The CAISO undertook another review in 2013, which resulted in tariff revisions the Commission accepted that same year.<sup>3</sup> In 2015, as a precursor to a new initiative to improve the tariff that the CAISO will launch soon, the CAISO submitted a filing to correct tariff records so that all Commission-approved tariff language is accurately reflected in the tariff. The problem of incomplete tariff language (or tariff language omissions) can arise when the CAISO files two or more tariff amendments to the same tariff sections using the same baseline tariff language. When the Commission approves these tariff amendments serially, the tariff section will just reflect the most

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<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 134 FERC ¶ 61,140 (2011).

<sup>3</sup> *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,228 (2013).

recently accepted version, which will not include all of the Commission-accepted language. The Commission accepted the tariff revisions resulting from that review in 2016.<sup>4</sup> In addition, in 2015 and 2016, the CAISO reviewed its generator interconnection procedures and identified a number of miscellaneous issues to be addressed. The Commission accepted tariff revisions to resolve those issues in 2016.<sup>5</sup>

The CAISO will soon publish for stakeholder comment proposed tariff clarifications and revisions to correct other inadvertent errors and inconsistencies in the tariff.<sup>6</sup> The CAISO anticipates that the stakeholder process addressing these proposed changes will result in the CAISO making a tariff amendment filing this spring. The CAISO initially intended to include the three tariff changes proposed herein as part of that broader stakeholder process. However, the CAISO is submitting them as part of this separate tariff amendment to address the compliance issues presented by these tariff modifications. For this reason, the CAISO also requests waiver of the 60-day notice requirement to allow the tariff modifications to go into effect the day after this tariff amendment was filed.

On February 10, 2017, the CAISO published the proposed tariff language and a paper explaining the proposed changes. The CAISO also issued a market notice scheduling a call to discuss the proposal and request written comments from stakeholders. Two stakeholders, SCE and Powerex, submitted written comments. The stakeholders' comments and the CAISO's responses are addressed below. The CAISO held a conference call with stakeholders to discuss the proposal on February 23, 2017. No one on the conference call expressed concerns about the proposed changes.

## **II. Proposed Tariff Revisions**

### **A. Change the Default Setting for Intertie Awards under the Tariff from Decline to Accept**

The CAISO proposes to revise section 34.13.2 of its tariff to change the default setting that applies when a non-dynamic system resource (*i.e.*, a resource located outside of the CAISO balancing authority area that transacts at the

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<sup>4</sup> Commission Letter Order, Docket No. ER16-350-000 (Apr. 8, 2016). Additional details regarding the correction of the tariff records are provided in the CAISO filing accepted by that letter order.

<sup>5</sup> *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,242 (2015); *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,169 (2016); Commission Letter Order, Docket No. ER16-693-001 (June 16, 2016).

<sup>6</sup> See <http://www.caiso.com/informed/Pages/StakeholderProcesses/TariffClarificationsFiling.aspx> (CAISO stakeholder page regarding the tariff clarifications stakeholder process).

interties and is not dynamically scheduled) fails to timely respond to the CAISO regarding its ability to follow a CAISO dispatch instruction. Existing language in section 34.13.2 states that if a non-dynamic system resource does not inform the CAISO whether it accepts, partially accepts, or declines a dispatch instruction via the CAISO's automated dispatch system (ADS) within a timeframe specified in a Business Practice Manual (BPM), the dispatch instruction will be considered declined. The CAISO proposes to revise the section to state that in such a situation the dispatch instruction will be considered accepted.

This revision better reflects the needs of market participants and will align the CAISO tariff with the current practice. The CAISO began following this practice in 2014 based on CAISO operators' years of practical experience with scheduling coordinators calling the CAISO to request reversal of declined dispatch instructions. This experience showed that the vast majority of scheduling coordinators that did not respond within the requisite timeframe wanted to accept the dispatch instructions but were unable to do so because the time for accepting them had expired.

The CAISO's current practice is documented in the BPM for Market Operations. Prior to 2014, the last sentence of section 7.8.3.1.2 of the BPM for Market Operations stated that, if the scheduling coordinator does not respond, the instruction will default to decline the HASP schedule. In the spring of 2014, in conjunction with other BPM changes to implement the new fifteen minute market, the CAISO revised the sentence through the BPM change management process to accept awards. Section 7.8.3.1.2 of the BPM for Market Operations now states that "[t]he SC [Scheduling Coordinator] has five minutes to respond to the instructions in ADS following the publication of the HASP [Hour-Ahead Scheduling Process] results. If the SC does not respond, the instruction will default to accept the schedule generated by the HASP market run."

The failure to update the tariff to reflect the improved practices in 2014 is the result of administrative oversight. The CAISO's review of the proposed BPM changes focused on the fifteen minute market changes and failed to identify the one-word change from "decline" to "accept." The CAISO regrets this oversight. To reduce the risk of similar issues from occurring in the future, the CAISO commits to implementing a process change that will require the CAISO to pursue BPM changes unrelated to major initiatives through a separate and distinct BPM change request.

SCE commented that the BPM should conform to the tariff. That is the course the CAISO would normally take. However, to avoid significant operational disruptions, it is better to conform the tariff to the BPM in this instance. The CAISO's experience since May 2014 confirms that market participants have benefited from the new default setting. In the past, scheduling coordinators regularly called the CAISO to request reversal of declined dispatch instructions.

Since the change of practice in 2014, scheduling coordinators rarely contact the CAISO to change an accepted dispatch instruction to a declined dispatch instruction. It would be extremely disruptive to change the BPM to conform to the tariff and go back to the default decline rule.<sup>7</sup>

The CAISO therefore requests that the Commission accept the revision to tariff section 34.13.2 to change the default setting from decline to accept to align the tariff with the current operational practice reflected in the BPM. This practice has been in place for years and is working well.

## **B. Lengthen the Timeline for Implementing a Negotiated Default Energy Bid**

The CAISO proposes to revise tariff section 39.7.1.3.1 to lengthen the timeline for implementing a default energy bid accepted or agreed to pursuant to the negotiated rate option for determining default energy bids for purposes of local market power mitigation. Currently, section 39.7.1.3.1 states that if the CAISO (or an independent entity selected by the CAISO) accepts a default energy bid proposed by a scheduling coordinator or if the parties subsequently agree on a default energy bid, such a negotiated default energy bid will become effective within three business days thereafter. The CAISO proposes to revise the section to state that the negotiated default energy bid will generally become effective within 11 business days thereafter. This change makes the timeline comparable to the timeframe that applies to scheduling coordinators in another context, namely, the 11-business-day timeframe for scheduling coordinators to submit changes to the CAISO's master file.<sup>8</sup>

After the CAISO assumed responsibility for negotiating and implementing negotiated default energy bids for resources in both the CAISO balancing authority area and the Energy Imbalance Market entity balancing authority areas, it became apparent that three business days is not sufficient to implement all negotiated default energy bids.<sup>9</sup> In almost all instances, the CAISO needs to make code changes before a negotiated default energy bid can go into effect. Sometimes these code changes are straightforward, other times they are more complex. Even when they are straightforward, code changes need to undergo a series of checks and tests in the various testing and staging environments before the

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<sup>7</sup> The CAISO notes that there is no practical way to re-run the markets since 2014 to determine whether implementation of "decline" as the default rule would have altered market outcomes. Based on experience prior to the BPM change in 2014, however, the CAISO expects that, in the vast majority of cases, scheduling coordinators simply would have taken the step of calling the CAISO to request reversal of declined dispatch instructions, resulting in the same market outcomes in most instances.

<sup>8</sup> See section 30.7.3.2 of the CAISO tariff.

<sup>9</sup> Potomac Economics previously performed this task.

CAISO can deploy them in production. This process can take several days to ensure that the code is working properly.

SCE suggested that the stakeholder process the CAISO undertook for this tariff change was not sufficient. Because the CAISO is not proposing any policy changes and the tariff change is narrowly targeted to one sentence, the CAISO believes that addressing this change in a tariff stakeholder process, as opposed to a full-fledged policy initiative, is sufficient. The CAISO has previously made numerous minor tariff changes to correct and improve the tariff without going through a policy initiative process; a similar approach is warranted here. The CAISO explained in the stakeholder process that a three business day process is not sufficient and that the CAISO needs to set expectations similar to what the tariff already provides for a master file change, namely 11 business days.

SCE also expressed concern about the proposed addition of the word “generally” to the timeline set forth in section 39.7.1.3.1. That addition is reasonable given the reality of customized negotiated default energy bids and competing business practices. When the code changes are complex, they can require the CAISO to take even more time to code them or to acquire new information. For instance, if a negotiated default energy bid requires data from a new source, the CAISO may have to acquire a subscription to the new source and develop a process to automate a data feed. This can take a significant amount of time. In such a case, the CAISO may require more than 11 business days to complete the steps necessary to implement the negotiated default energy bid. In addition, other CAISO processes may affect the timeline for implementation. For example, if the CAISO is implementing a major enhancement, the testing environment may not be available, thus resulting in a temporary delay. This is a reality of CAISO business processes. Thus, it is prudent and realistic for the proposed tariff revisions to specify that the negotiated default energy bid will generally become effective within 11 business days. The CAISO intends to use its best efforts to stay within the 11 business day target. In the vast majority of instances, the CAISO will be able to implement negotiated default energy bids well within the 11 business day time period.

**C. Remove Tariff Provisions Regarding the Posting of Effective Flexible Capacity Values and Flexible Capacity Categories for Resources under Construction**

Section 40.10.4.2(b) of the CAISO tariff provides that the CAISO will post on its website annually a final list of effective flexible capacity values for resources and the flexible capacity categories for which each resource qualifies, for resources that are in service or that are under construction with an expected in-service date during the year. The CAISO included this provision in a broad set of tariff revisions establishing flexible resource adequacy capacity requirements. When the Commission approved these tariff revisions in 2014, it did not



specifically discuss this provision as it pertained to resources under construction.<sup>10</sup> The CAISO has since determined that it cannot reasonably or objectively determine effective flexible capacity values and the flexible capacity categories of resources that have not yet been constructed and placed in service, particularly given changing technologies and resource types. The CAISO therefore proposes to remove the provisions from the section regarding the posting of effective flexible capacity values and flexible capacity categories for resources that are under construction.

Although those provisions became effective in the fall of 2014, the CAISO did not include the requirements in an implementation plan or post values for resources under construction on its website in 2014 or 2015. The CAISO became aware of these omissions in the fall of 2016 and, based on the input and experience of operations staff, determined that there was no reasonable or objective basis to determine effective flexible capacity values or flexible capacity categories for resources under construction. Instead, those values are more properly determined once resources are ready to become commercially operational and can be tested.<sup>11</sup> Project owners can provide estimates to potential counterparties based on their understanding and knowledge of their projects, but in the end they are only estimates. They do not reflect the actual experience and operation of that individual resource.

Although SCE did not necessarily oppose the proposed change, it commented that there should be a more extensive stakeholder process. The CAISO disagrees. Based on its experience, the CAISO now realizes that it should never have included this provision in the tariff.<sup>12</sup> Even if the CAISO has a reasonable basis to establish the values described in the provision – which it does not – the CAISO would not use them for any purpose. Therefore, the provision does not benefit market participants. Indeed, no market participant noticed that the values were not published for the first two years, except for a statement the CAISO published in the fall of 2016 that the values were “TBD,” *i.e.*, “to be determined.” Finally, the CAISO notes that its proposal is consistent with the tariff’s treatment of net qualifying capacity values of resources under construction. The tariff does not require the CAISO to publish those values.

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<sup>10</sup> See *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,042 (2014).

<sup>11</sup> The CAISO will, however, continue to post on its website net qualifying capacity values for resources under construction. See <http://www.caiso.com/Documents/Final2017NetQualifyingCapacity-ResourceAdequacyResources.html> (net qualifying capacity values for 2017).

<sup>12</sup> The process improvements being considered by the CAISO will include steps intended to reduce the risk of errors in filed tariff provisions.

### **III. Responses to Other Stakeholder Comments**

The CAISO has communicated with SCE regarding its concerns discussed above. SCE has authorized the CAISO to state that it does not oppose the tariff modifications proposed in this filing. The CAISO is not aware of any stakeholder that opposes the proposed changes.

Powerex did not take a position on the proposed tariff changes but proposed a tariff clarification that is entirely unrelated to the CAISO's current proposal.<sup>13</sup> The CAISO will soon launch a broader stakeholder effort to propose numerous minor changes to the tariff to correct errors, such as incorrect cross references and typographical errors, and to fill minor gaps and clarify ambiguities. That would be the proper forum to consider Powerex's suggest tariff revision.

### **IV. Effective Date and Request for Waiver**

The CAISO requests that the Commission accept the tariff revisions contained in this filing effective March 10, 2017, *i.e.*, one day after the date of this filing. Pursuant to section 35.11 of the Commission's regulations,<sup>14</sup> the CAISO respectfully requests waiver of the notice requirement contained in section 35.3(a)(1) of the Commission's regulations<sup>15</sup> to permit this effective date.

Good cause exists for the Commission to grant this waiver. Granting the waiver will align the affected tariff provisions with the realities of the CAISO's operations and processes as expeditiously as possible. Absent the waiver, the amount of time that the tariff will include provisions that are inconsistent with actual practices would be needlessly prolonged. No prejudice will result to any market participant from granting the waiver. For these reasons, the Commission should find that good cause exists to permit the requested effective date of March 10, 2017.

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<sup>13</sup> Powerex's clarification seeks to harmonize a possible discrepancy between the tariff and the BPM on timing of e-tags for intertie transactions. The CAISO has discussed this issue with Powerex and believes there is no inconsistency.

<sup>14</sup> 18 C.F.R. § 35.11.

<sup>15</sup> 18 C.F.R. § 35.3(a)(1).



## V. Communications

Pursuant to Rule 203(b)(3) of the Commission's Rules of Practice and Procedure,<sup>16</sup> the individuals listed below are to receive correspondence and other communications regarding this filing:

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## VI. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

## VII. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Clean CAISO tariff sheets incorporating this tariff amendment
Attachment B	Red-lined document showing the revisions contained in this tariff amendment

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<sup>16</sup> 18 C.F.R. § 385.203(b)(3).

**VIII. Conclusion**

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission accept the tariff revisions contained in this filing effective March 10, 2017.

Respectfully submitted,

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**Attachment A – Clean Tariff Records**

**Tariff Clarifications**

**California Independent System Operator Corporation**

### **34.13.2 Failure To Conform To Dispatch Instructions**

In the event that, in carrying out the Dispatch Instruction, an unforeseen problem arises (relating to plant operations or equipment, personnel or the public safety), the recipient of the Dispatch Instruction must notify the CAISO or, in the case of a Generator, the relevant Scheduling Coordinator immediately. The relevant Scheduling Coordinator shall notify the CAISO of the problem immediately. If a resource is unavailable or incapable of responding to a Dispatch Instruction, or fails to respond to a Dispatch Instruction in accordance with its terms, the resource shall be considered to be non-conforming to the Dispatch Instruction unless the resource has notified the CAISO of an event that prevents it from performing its obligations within thirty (30) minutes of the onset of such event through a submission in the CAISO's outage management system pursuant to Section 9 log entry. Notification of non-compliance via the Automated Dispatch System (ADS) will not supplant nor serve as the official notification mechanism to the CAISO. If the resource is considered to be non-conforming as described above, the Scheduling Coordinator for the resource concerned shall be subject to Uninstructed Imbalance Energy as specified in Section 11.5.2 and Uninstructed Deviation Penalties as specified in Section 11.23. This applies whether any Ancillary Services concerned are contracted or Self-Provided. For a Non-Dynamic System Resource Dispatch Instruction prior to the Trading Hour, the Scheduling Coordinator shall inform the CAISO of its ability to conform to a Dispatch Instruction via ADS. The Non-Dynamic System Resource has the option to accept, partially accept, or decline the Dispatch Instruction, but in any case must respond within the timeframe specified in a Business Practice Manual. The Non-Dynamic System Resource can change its response within the indicated timeframe. If a Non-Dynamic System Resource does not respond within the indicated timeframe, the Dispatch Instruction will be considered accepted. A decline of such a Non-Dynamic System Resource for a Dispatch Instruction received at least forty (40) minutes prior to the Trading Hour will be subject to Uninstructed Deviation Penalties as specific in Section 11.23. A decline of such a Non-Dynamic System Resource for a Dispatch Instruction received less than forty (40) minutes prior to the Trading Hour will not be subject to Uninstructed Deviation Penalties. A Non-Dynamic System Resource that only partially accepts a Dispatch Instruction is subject to Uninstructed Deviation Penalties for the portion of the Dispatch Instruction that is declined.

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### **39.7.1.3 Negotiated Rate Option**

#### **39.7.1.3.1 Submission Process**

Scheduling Coordinators that elect the Negotiated Rate Option for the Default Energy Bid shall submit a proposed Default Energy Bid along with supporting information and documentation as described in a BPM. Within ten (10) Business Days of receipt, the CAISO or an Independent Entity selected by the CAISO will provide a written response. If the CAISO or Independent Entity accepts the proposed Default Energy Bid, it will generally become effective within eleven (11) Business Days from the date of acceptance by the CAISO and remain in effect until: (1) the Default Energy Bid is modified by FERC; (2) the Default Energy Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Default Energy Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

If the CAISO or Independent Entity selected by the CAISO does not accept the proposed Default Energy Bid, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator shall enter a period of good faith negotiations that terminates sixty (60) days following the date of submission of a proposed Default Energy Bid by a Scheduling Coordinator. If at any time during this period, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator agree upon the Default Energy Bid, it will generally become effective within eleven (11) Business Days of the date of agreement and remain in effect until: (1) the Default Energy Bid is modified by FERC; (2) the Default Energy Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Default Energy Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

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#### 40.10.4.2 EFC Omission or Correction

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(b) **Final List.** The CAISO will post on the CAISO Website the final list of Effective Flexible Capacity values for resources that are in service and the Flexible Capacity Categories for which each resource qualifies to provide Flexible Capacity. The final list shall be used for the next calendar year and shall not be changed during that year, except as follows -

- (1) If the Net Qualifying Capacity or PMax of a resource included on the final list increases or decreases during the year, and that value is changed in the Master File, the Scheduling Coordinator for the resource may request that the Effective Flexible Capacity value be recalculated to account for the change; or
- (2) If a new resource, achieves commercial operation during the year, the Scheduling Coordinator for the resource may request that the CAISO calculate and add its Effective Flexible Capacity value and the Flexible Capacity Categories for which the resource qualifies to provide Flexible Capacity to the final list as an in-service resource.

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**Attachment B – Marked Tariff Records**

**Tariff Clarifications**

**California Independent System Operator Corporation**

### **34.13.2 Failure To Conform To Dispatch Instructions**

In the event that, in carrying out the Dispatch Instruction, an unforeseen problem arises (relating to plant operations or equipment, personnel or the public safety), the recipient of the Dispatch Instruction must notify the CAISO or, in the case of a Generator, the relevant Scheduling Coordinator immediately. The relevant Scheduling Coordinator shall notify the CAISO of the problem immediately. If a resource is unavailable or incapable of responding to a Dispatch Instruction, or fails to respond to a Dispatch Instruction in accordance with its terms, the resource shall be considered to be non-conforming to the Dispatch Instruction unless the resource has notified the CAISO of an event that prevents it from performing its obligations within thirty (30) minutes of the onset of such event through a submission in the CAISO's outage management system pursuant to Section 9 log entry. Notification of non-compliance via the Automated Dispatch System (ADS) will not supplant nor serve as the official notification mechanism to the CAISO. If the resource is considered to be non-conforming as described above, the Scheduling Coordinator for the resource concerned shall be subject to Uninstructed Imbalance Energy as specified in Section 11.5.2 and Uninstructed Deviation Penalties as specified in Section 11.23. This applies whether any Ancillary Services concerned are contracted or Self-Provided. For a Non-Dynamic System Resource Dispatch Instruction prior to the Trading Hour, the Scheduling Coordinator shall inform the CAISO of its ability to conform to a Dispatch Instruction via ADS. The Non-Dynamic System Resource has the option to accept, partially accept, or decline the Dispatch Instruction, but in any case must respond within the timeframe specified in a Business Practice Manual. The Non-Dynamic System Resource can change its response within the indicated timeframe. If a Non-Dynamic System Resource does not respond within the indicated timeframe, the Dispatch Instruction will be considered ~~accepted~~declined. A decline of such a Non-Dynamic System Resource for a Dispatch Instruction received at least forty (40) minutes prior to the Trading Hour will be subject to Uninstructed Deviation Penalties as specific in Section 11.23. A decline of such a Non-Dynamic System Resource for a Dispatch Instruction received less than forty (40) minutes prior to the Trading Hour will not be subject to Uninstructed Deviation Penalties. A Non-Dynamic System Resource that only partially accepts a Dispatch Instruction is subject to Uninstructed Deviation Penalties for the portion of the Dispatch Instruction that is declined.

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If the CAISO or Independent Entity selected by the CAISO does not accept the proposed Default Energy Bid, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator shall enter a period of good faith negotiations that terminates sixty (60) days following the date of submission of a proposed Default Energy Bid by a Scheduling Coordinator. If at any time during this period, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator agree upon the Default Energy Bid, it will ~~be~~ generally become effective within eleven (11) ~~three (3)~~ Business Days of the date of agreement and remain in effect until: (1) the Default Energy Bid is modified by FERC; (2) the Default Energy Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Default Energy Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

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#### 40.10.4.2 EFC Omission or Correction

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(b) **Final List.** The CAISO will post on the CAISO Website the final list of Effective Flexible Capacity values for resources that are in service ~~or that are under construction with an expected in-service date during the year~~ and the Flexible Capacity Categories for which each resource qualifies to provide Flexible Capacity. The final list shall be used for the next calendar year and shall not be changed during that year, except as follows -

- (1) If the Net Qualifying Capacity or PMax of a resource included on the final list increases or decreases during the year, and that value is changed in the Master File, the Scheduling Coordinator for the resource may request that the Effective Flexible Capacity value be recalculated to account for the change; or
- (2) If a ~~resource identified as under construction on the final list, or other~~ new resource, achieves commercial operation during the year, the Scheduling Coordinator for the resource may request that the CAISO calculate and add its Effective Flexible Capacity value and the Flexible Capacity Categories for which the resource qualifies to provide Flexible Capacity to the final list as an in-service resource.

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