

May 13, 2019

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20246

**Re: California Independent System Operator Corporation
Tariff Clarifications Amendment
Docket No. ER19-_____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO)¹ hereby submits a set of tariff amendments to clarify several areas of the CAISO tariff, including, among others, ancillary services procurement, metering, day-ahead and real-time market rules, as well as resource adequacy.² Although the CAISO is submitting these clarifications in the same filing, each change is just and reasonable on its own and is not dependent on any of the others. The CAISO respectfully requests an effective date for these tariff changes on 90 days' notice, or by August 12, 2019.

I. Background

As part of its regular business practices to review and improve its tariff, the CAISO has identified the need to make clarifications and correct inadvertent errors and inconsistencies. The tariff revisions proposed in this filing are not intended to materially change established policies or the rights and obligations of the CAISO or its market participants. Instead, these revisions are intended to add additional detail to clarify the meaning of tariff provisions, ensure consistency throughout the tariff as well as between the tariff and applicable business practices, and correct typographical and other inadvertent errors. The CAISO has discussed these proposed tariff changes with stakeholders.³

II. Proposed Tariff Modifications

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the currently effective CAISO tariff.

² The CAISO submits this filing under Section 205 of the Federal Power Act, 16 U.S.C. § 824d, Part 35 of the Commission's Regulations, 18 C.F.R. § 35, et seq., and rules 207 and 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.207 and 385.602.

³ The CAISO's stakeholder process is discussed further in Section III of this transmittal letter.

The CAISO has prepared a matrix identifying each of its proposed tariff amendments that is included as Attachment A to this filing. This attachment identifies each tariff section the CAISO is proposing to change as well as a reason for the proposed change, many of which are self-explanatory. Among other changes, the CAISO proposes to update the use of outdated terms. The CAISO also proposes to correct typographical errors that currently appear in the tariff as well as other inadvertent errors. The CAISO also proposes to correct erroneous cross-references throughout the tariff. The following reflect examples of these changes.

- In section 8.10.8.7, the CAISO proposes to change the defined term *Operating Transfer Capability* to *Total Transfer Capability*. The change corrects a reference to an outdated term used in ancillary services payment rescission rules to dynamic resources or pseudo-tie resources.⁴
- In various tariff sections, the CAISO is proposing to revise the reference to “CAISO Forecast Of CAISO Demand” to “CAISO Forecast of CAISO Demand.”⁵ The proposed change provides for consistent use of capitalization of the word *of* in this defined term.
- In section 4.12.3 pertaining to the need for Dynamic Resource-Specific System Resources to provide telemetry data, the current tariff states that this data shall be provided in accordance with the requirements of the CAISO’s Dynamic Scheduling Protocol in Appendix X. The CAISO proposes to change this reference to Appendix M where the CAISO’s Dynamic Scheduling Protocol currently resides.

In the paragraphs below, the CAISO provides additional explanations of certain clarifications it is proposing to make as part of this filing in the order these changes appear in the tariff sheets submitted with this filing as Attachment B in clean format and Attachment C in red-line showing the proposed revisions.

Section 8.3.4

The CAISO proposes to revise the text of section 8.3.4, which addresses requirements for scheduling coordinators seeking to submit a bid or self-provision of Ancillary Services to comply with the CAISO’s certification and testing requirements as contained in Appendix K to the CAISO tariff and the CAISO’s Operating Procedures.

⁴ The CAISO previously eliminated the defined term “Operating Transfer Capability” and replaced it with “Total Transfer Capability” to more closely track the use of the terms utilized by Commission Order No. 890 and the NERC modeling standards approved by Commission Order No. 729. See *Cal. Indep. Sys. Operator Corp.*, 139 FERC ¶ 61,181 (2012); see also CAISO transmittal letter dated April 10, 2012, in Docket No. ER12-1468-000 at pp. 13-14.

⁵ See e.g. proposed changes to CAISO Tariff Section 8.3.1.

The revisions pertain to the spinning reserve and non-spinning reserve and restate the requirement that resources used to submit a bid or self-provision of these services must have been certified and tested by the CAISO using the process defined in Appendix K to the CAISO tariff. These proposed changes mirror language in the CAISO tariff for the use of resources to bid or self-provide regulation, so that the language is consistent for each Ancillary Service.

Sections 10.2.1.3 and 10.3.6.5

The CAISO proposes to revise the text of sections 10.2.1.3 and 10.3.6.5, which relate to the timeframe for providing metered data to scheduling coordinators that the CAISO polls from resources that are CAISO metered entities. The revisions align these tariff sections with CAISO practices of providing settlement quality meter data to scheduling coordinators within eight business days after the trading day. The CAISO uses this settlement quality meter data for purposes of its Recalculation Settlement Statement T+12B calculation.⁶

Section 10.3.2.2

The CAISO proposes to revise the text of Section 10.3.2.2, which relates to the submission of settlement quality meter data for scheduling coordinator metered entities. The CAISO proposes to add an additional value – MWh in addition to KWh – for the submission of settlement quality meter data. This value was inadvertently omitted from this section when the CAISO submitted its Metering Rules Enhancements tariff amendment in 2017.⁷

Section 10.3.7.5

The CAISO proposes to add language to section 10.3.7.5, which relates to settlement quality meter data plans and annual audits. The current tariff section provides that on an annual basis a scheduling coordinator metered entity must perform a self-assessment and affirm to the CAISO, in writing, that it has implemented and continues to comply with its settlement quality metered data plan. However, currently demand response providers may also satisfy the requirement to submit an annual affirmation that they comply with its settlement quality metered data plan through the demand response registration process.⁸ The CAISO, therefore, proposes to clarify tariff

⁶ See CAISO Business Practice Manual for Metering at Section 5.1.3, available at https://bpmcm.caiso.com/BPM%20Document%20Library/Metering/BPM%20for%20Metering_v18_Clean.docx.

⁷ See CASIO February 8, 2017 transmittal letter at p. 12, fn. 51, Docket No. ER17-949-000, available at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14486525>.

See also delegated letter order issued March 31, 2017 in ER17-949-000, available at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14553029>.

⁸ See CAISO tariff section 10.3.7.1.

section 10.3.7.5 that demand response resources are not required to annually affirm their compliance with a settlement quality meter data plan through the submission of an annual affirmation, if they have already satisfied this requirement through the demand response registration process.

Section 31

The CAISO proposes to revise section 31 relating to its day-ahead market rules. Specifically, the CAISO proposes to delete the last sentence of section 31, which reads: “The CAISO may issue Schedules for Supply from Proxy Demand Resources only where the CAISO’s conditions of the net benefits test set forth in Section 30.6.3 necessary for the issuance of Schedules for Supply from the Proxy Demand Resources have been satisfied.” This language does not accurately reflect how the CAISO implemented the net benefits test in compliance with Commission Order No. 745.⁹ Currently, the CAISO issues schedules to proxy demand resources based on economic bids regardless of where the bid is relative to the net benefits test. But when the CAISO settles schedules below the net benefits test, it applies a “default load adjustment”¹⁰ to ensure that the overall benefit of reduced locational marginal prices (LMP) that results from dispatching demand response resources exceeds the costs of dispatching and paying LMP to those resources, as required by Order No. 745.¹¹ As such, the last sentence of current tariff section 31, which suggests a limit on the ability of the CAISO to issue schedules to proxy demand resources, is not accurate.

Section 40.9.6.2

The CAISO proposes to revise section 40.9.6.2(d), which relates to the distribution of charges under the CAISO’s resource adequacy availability incentive mechanism (RAAIM) that are not distributed to eligible resource adequacy resources. Unallocated funds roll over month-to-month until the end of the calendar year. As currently written, the CAISO’s tariff suggests that the unallocated rollover funds must be distributed on December 31 of the given resource adequacy year. RAAIM is assessed over the course of a month so the CAISO cannot calculate December RAAIM charges or determine the extent of any annual rollover funds until after the month is over. The CAISO accordingly proposes to clarify section 40.9.6.2(d) to provide that the CAISO will distribute the funds after the year is over, rather than on the last day of the year.

⁹ See CAISO tariff section 11.5.2.4. See also *Cal. Indep. Sys. Operator Corp.*, 138 FERC ¶ 61,117 (2012); *Cal. Indep. Sys. Operator Corp.*, 144 FERC ¶ 61,047 (2013); *Demand Response Compensation in Organized Wholesale Energy Markets*, 134 FERC ¶ 61,187 (2011) (Order No. 745).

¹⁰ See CAISO tariff sections 11.5.2.4 and 30.6.3.

¹¹ *California Independent System Operator Corp.*, 144 FERC ¶ 61,046 at P 2 (2013).

Section 40.10.6.1

The CAISO proposes to revise sections 40.10.6.1(f)(3) and (h), which refer to the must-offer obligation for flexible resource adequacy capacity. These subsections currently use the general term “Bids,” but the CAISO proposes to use the more specific term “Economic Bids.” The existing term “Bid” encompasses self-schedules and virtual bids. Economic Bid means “A Bid that includes quantity (MWh or MW) and price (\$) for specified Trading Hours.”¹² This change more accurately reflects the intent of the CAISO tariff to require scheduling coordinators for resources with flexible resource adequacy capacity to submit economic bids.¹³

Section 42.1.5

The CAISO proposes to revise section 42.1.5, which provides that the CAISO shall, acting in accordance with Good Utility Practice, take such steps as it considers to be necessary to ensure compliance with Applicable Reliability Criteria, including negotiating real-time contracts for Generation and Ancillary Services. Under the CAISO tariff, Applicable Reliability Criteria means “[t]he Reliability Standards and reliability criteria established by NERC and WECC and Local Reliability Criteria, as amended from time to time, including any requirements of the NRC.”¹⁴ The CAISO proposes to clarify section 42.1.5 to state that the CAISO may also enter into real-time contracts for unloaded resource capacity to meet Applicable Reliability Criteria. This clarification is consistent existing business practices.¹⁵ The CAISO also proposes to specify the default rate for these real-time contracts for ancillary services and unloaded resource capacity, unless otherwise specified. That rate would be the applicable fifteen-minute market ancillary services marginal price.

As a general matter, the CAISO utilizes its day-ahead and real-time markets to secure energy and ancillary services to meet reliability requirements. The CAISO also utilizes out of market actions from time to time in order to maintain reliability, which may include entering into real-time contracts for unloaded capacity in order to maintain sufficient contingency reserves. WECC Reliability Standard BAL-002-WECC-2a requires the CAISO to maintain a minimum amount of contingency reserves, except within the first sixty minutes following an event requiring the activation of contingency reserve, that is the greater of (1) an amount of contingency reserve equal to the loss of

¹² Appendix A to the CAISO tariff, definition of Economic Bid.

¹³ CAISO August 1, 2014 transmittal letter in ER14-2574 at 47-48, available at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13606633>.

¹⁴ Appendix A to the CAISO tariff, definition of Applicable Reliability Criteria.

¹⁵ Pursuant to WECC Reliability Standard BAL-002-WECC-2a, unloaded resource capacity may serve as contingency reserve so long as it meets the requirements of that standard. CAISO operators consider several inputs to confirm that unloaded resource capacity is available in real-time to meet those requirements, including, but are not limited to, a resource’s available bid-in ancillary services, resource adequacy status, outage limits, minimum run time, regulation range, number of available startups, congestion, current telemetry, and dispatch operating target.

the most severe single contingency; or (2) an amount of contingency reserve equal to the sum of three percent of hourly integrated Load plus three percent of hourly integrated generation.¹⁶ Contingency reserve amounts are based upon load and generating data averaged over each clock hour. If the CAISO needs to secure additional reserves in real-time to meet contingency reserve requirements, the CAISO may need to rely on the authority set forth in section 42.1.5 depending on when the need arises.

In the day-ahead time frame, the CAISO market procures 100 percent of its forecasted ancillary services needs based on the forecast of CAISO demand.¹⁷ The CAISO procures incremental ancillary services needs through the fifteen-minute market.¹⁸ In limited instances (e.g., loss of a resource providing ancillary services due to a forced outage or as a result of load forecast error), the CAISO may need to procure incremental ancillary services or unloaded capacity for the balance of an operating hour in order to comply with reliability standards.

The fifteen-minute market cannot in all instances secure capacity that qualifies for contingency reserves in time to maintain the required contingency reserves over the balance of an operating hour because the fifteen-minute market run starts 37.5 minutes before the applicable fifteen-minute operating interval.¹⁹ If a need arises more than seven-and-a-half minutes after the beginning of the hour (when the market run for the last fifteen-minute market interval of the operating hour begins), then the next fifteen-minute market run will only secure ancillary services capacity for the next operating hour as opposed to the current operating hour. In these instances, the CAISO may need to rely on its authority to contract in real-time. This is a just and reasonable practice to ensure adequate reserves are available to meet a contingency.

During the CAISO's stakeholder process, one stakeholder questioned whether the existing language in section 42.1.5 reflects a general statement of more specific authority for the CAISO to enter into reliability must-run (RMR) contracts or make capacity procurement mechanism (CPM) designations under other sections of the CAISO tariff.²⁰ The stakeholder requested that if the CPM or RMR backstop authority does not cover capacity procurement required to maintain compliance with the Applicable Reliability Criteria, then the CAISO tariff should explain clearly the circumstance under which any additional procurement authority will apply, how prices will be determined, and how the associated costs will be recovered by market participants.

¹⁶ See Requirement 1 of Reliability Standard BAL-002-WECC-2a.

¹⁷ CAISO tariff section 8.3.1.

¹⁸ *Id.*

¹⁹ CAISO tariff sections 34.4 and 34.4.1.

²⁰ See *generally* CAISO tariff sections 41 and 43A.

The authority to take steps necessary to ensure compliance with the Applicable Reliability Criteria is in addition to the RMR and CPM provisions in the CAISO tariff, not merely a more general restatement of these provisions. However, the two sets of tariff authorities are not unrelated. For instance, the CAISO may secure ancillary services from RMR units in real-time when needed to meet Applicable Reliability Criteria.²¹

The proposed tariff revisions clarify that the pricing for real-time contracts for ancillary services or unloaded capacity is the applicable fifteen-minute market ancillary services marginal price, unless otherwise specified. This is a just and reasonable rate because it is the rate that would apply had the resource received an ancillary services award for that real-time market interval. If scarcity conditions existed during that applicable fifteen-minute market interval, the applicable fifteen-minute ancillary service marginal price would reflect the appropriate scarcity reserve demand curve value.²² The cost of this capacity is allocated to scheduling coordinators with ancillary services obligations similar to all other ancillary services capacity that receive a fifteen minute market ancillary services marginal price.²³ The CAISO commits to provide a further description of its real-time contracting practice for ancillary services or unloaded resource capacity in its business practice manuals, including an explanation of circumstances under which it might use this process.

III. Stakeholder Process

The CAISO initiated a process to obtain stakeholder input concerning the proposed tariff changes in this filing on March 5, 2019. The CAISO accepted written comments on the proposed changes and held two conference calls with stakeholders to discuss stakeholder concerns.²⁴ The CAISO appreciates the ongoing efforts of stakeholders to provide input to this process and help clarify the CAISO's tariff.

For purposes of additional clarifications to the CAISO tariff, stakeholders may raise these proposals in future tariff clarification initiatives or substantive initiatives that involve specific tariff changes. In addition, stakeholders can raise more significant issues or questions with their CAISO client representatives or through the CAISO's market performance and planning forum. The CAISO looks forward to working in collaboration with stakeholders on future tariff clarification efforts.

²¹ See Appendix G to the CAISO Tariff, *pro forma* Reliability Must-Run Contract, Article 4 – Dispatch of Units.

²² CAISO tariff section 27.1.2.3.

²³ CAISO tariff section 11.10.2.

²⁴ A record of the CAISO's stakeholder process and comments received is available at <http://www.aiso.com/informed/Pages/StakeholderProcesses/TariffClarificationsFiling.aspx>.

IV. Effective Date

The CAISO respectfully requests an effective date of August 12, 2019, for these tariff revisions.

V. Communications

In accordance with Rule 203(b)(3) of the Commission's Rules of Practice and Procedures,²⁵ the CAISO requests that all communications regarding this filing should be addressed to the following individuals, whose names should be put on the official service list established by the Commission with respect to this submittal:

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VI. Service

The CAISO has served copies of this transmittal letter, and all attachments, on the California Public Utilities Commission, the California Energy Commission, and parties with effective scheduling coordinator service agreements under the CAISO tariff. In addition, the CAISO is posting this transmittal letter and all attachments on the CAISO Website.

VII. Materials Provided In This Filing

The following documents, in addition to this transmittal letter, support this filing:

Attachment A	Matrix describing proposed tariff changes;
Attachment B	Clean CAISO tariff sheets incorporating these requested tariff changes; and

²⁵ 18 C.F.R. § 385.203(b)(3).

Attachment C Red-lined document showing the revisions proposed in this tariff amendment.

VIII. Conclusion

In this filing, the CAISO is proposing amendments to its tariff to clarify the meaning of existing tariff provisions, ensure consistency throughout the tariff, as well as consistency between the tariff and business practices, and to correct typographical and other inadvertent errors. The CAISO respectfully requests that the Commission accept these tariff amendments with an effective date of August 12, 2019.

Please do not hesitate to contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Andrew Ulmer

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Attachment A – Matrix Describing Proposed Tariff Changes

Tariff Clarifications Amendment

California Independent System Operator Corporation

Section	Proposed Changes	Reason for Change
4.5.3.12 and 4.5.3.14	<p>4.5.3.12 Financial Responsibility Assuming financial responsibility for all Schedules, AS Awards and Dispatch Instructions issued in the CAISO Markets, and all Virtual Awards in accordance with the provisions of this CAISO Tariff; and</p> <p style="text-align: center;">* * * * *</p> <p>4.5.3.14 Tax Compliance Providing, as described in the Business Practice Manuals, resale certificates or other proof acceptable to CAISO that its purchases of energy are exempt from any sales and use taxes that otherwise might apply; and.</p>	This amendment proposes to correct punctuation.
4.7	THIS SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012	This amendment proposes to remove an unnecessary header.
4.12.3, 2 nd sentence	Telemetry data from Dynamic Resource-Specific System Resources shall be provided in accordance with the requirements of the CAISO's Dynamic Scheduling Protocol in Appendix XM .	This amendment proposes to correct a tariff cross-reference.
6.1.2, last sentence	Scheduling Coordinators that wish to submit Dynamic Schedules or Bids for Ancillary Services to the CAISO must also comply with the applicable requirements of Sections 4.5.4.3, 8.3.7, 4.5 and 8.4. 57.2.4 .	This amendment proposes to correct a tariff cross-reference.
8.2.3.1, 2 nd and 3 rd sentences in 1 st paragraph	The quantity of Regulation Down and Regulation Up capacity needed for each Settlement Period of the Day-Ahead Market and in each fifteen (15) minute period in Real-Time shall be determined by the CAISO as a percentage of the applicable CAISO Forecast Of CAISO Demand for the Day-Ahead and Real-Time Markets. In HASP, the amount of advisory Regulation from Dynamic System Resources required for each Settlement Period in the next Trading Hour is also determined based on the CAISO Forecast Of CAISO Demand.	This amendment proposes to correct the defined term "CAISO Forecast of CAISO Demand" to be consistent throughout the tariff.
8.3.1, 4 th – 6 th sentences in 1 st paragraph	The amount of Ancillary Services procured in the IFM is based on the CAISO Forecast Of CAISO Demand and the forecasted intertie schedules in the RTM for the Operating Hour net of (i) Self-Provided Ancillary Services from resources	This amendment proposes to correct the defined term "CAISO Forecast of CAISO Demand" to be consistent throughout the tariff.



Section	Proposed Changes	Reason for Change
	<p>internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services and (ii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of additional Ancillary Services procured in the RTM is based on the CAISO Forecast of CAISO Demand, the Day-Ahead Schedules established net interchange, and the forecast of the Intertie Schedules for the Operating Hour in the RTM net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, and (iii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of Ancillary Services procured in the Real-Time Market is based upon the CAISO Forecast of CAISO Demand and the net interchange for the Operating Hour from FMM Schedules net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, (iii) additional Operating Reserves procured in the FMM, and (iv) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right.</p>	
8.3.1, last sentence in 2 nd paragraph	<p>After the Day-Ahead Market, the CAISO procures additional Ancillary Services needed to meet system requirements from all resources in the Real-Time Market. The amount of Ancillary Services procured in the Real-Time Market is based on the CAISO Forecast of CAISO Demand for the Operating Hour net of Self-Provided Ancillary Services.</p>	<p>This amendment proposes to correct the defined term “CAISO Forecast of CAISO Demand” to be consistent throughout the tariff.</p>

Section	Proposed Changes	Reason for Change
8.3.3.2, 3 rd sentence	The factors the CAISO will use in determining whether to establish or change minimum or maximum limits include, but are not limited to, the following: (a) the CAISO Forecast Of CAISO Demand; ¹⁷ (b) the location of Demand within the Balancing Authority Area; ¹⁷ (c) information regarding network and resource operating constraints that affect the deliverability of Ancillary Services into or out of an Ancillary Service Region; ¹⁷ (d) the locational mix of generating resources; ¹⁷ (e) generating resource Outages; ¹⁷ (f) historical patterns of transmission and generating resource availability; ¹⁷ (g) regional transmission limitations and constraints; ¹⁷ (h) transmission Outages; ¹⁷ (i) Available Transfer Capability; ¹⁷ (j) Day-Ahead Schedules or FMM Schedules involving Intertie transactions; ¹⁷ (k) whether any Ancillary Services provided from System Resources requiring a NERC tag fail to have a NERC tag; ¹⁷ and (l) other factors affecting System Reliability. Ancillary Services procured within a Sub-Region count toward satisfying the Ancillary Service requirements for the System Region or the Expanded System Region.	This amendment proposes to correct the defined term “CAISO Forecast of CAISO Demand” to be consistent throughout the tariff. This amendment also proposes to correct punctuation.
8.3.4, 4 th and 5 th sentences	Each resource used to bid Spinning Reserve or used to self-provide Spinning Reserve must <u>may be provided only from resources that</u> have been certified and tested by the CAISO using the process defined in Part B of Appendix K. Each resource used to bid Non-Spinning Reserve or used to self-provide Non-Spinning Reserve must <u>may be provided from resources that</u> have been certified and tested by the CAISO using the process defined in Part C of Appendix K.	This amendment proposes to clarify that testing and certification pursuant to Appendix K is required to submit a bid or self-provision of spinning reserve and non-spinning reserve. These changes align with language in tariff section 8.3.4 regarding bids or self-provisions of regulation.
8.10.8.4	THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.	This amendment proposes to remove an unnecessary header.
8.10.8.6	THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.	This amendment proposes to remove an unnecessary header.
8.10.8.7, 3 rd paragraph, 1 st sentence	For purposes of applying this Section to Dynamic Resources or Pseudo-Tie resources, the CAISO shall treat a reduction in the Operating Total Transfer Capability at an Intertie between the	The term “Operating Transfer Capability” was eliminated as a defined term and replaced with “Total Transfer Capability” as a defined

Matrix of Proposed Changes

Section	Proposed Changes	Reason for Change
	Day-Ahead Market and RTM that is registered in <u>the</u> CAISO's outage management system pursuant to Section 9 as a Transmission Constraint.	term in Docket No. ER12-1468-000 (<i>Cal. Indep. Sys. Operator Corp.</i> , 139 FERC ¶ 61,181). The CAISO is proposing to align the tariff with that change. Additionally, the CAISO proposes to correct grammar in this section by adding "the" before "CAISO's."
8.10.8.7, 3 rd paragraph, last sentence	For all other constraints that cause the CAISO to determine that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity from Dynamic Resource or Pseudo-Tie resources is not available, the <u>CAISO</u> shall treat these constraints as resource constraints.	This amendment proposes to add "CA" before "ISO" to make reference to the CAISO consistent throughout the tariff.
10.2.1.3, 1 st bullet	<ul style="list-style-type: none"> For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within <u>five-eight (85)</u> Business Days from the Trading Day (T+<u>85B</u>) and will be used in the Recalculation Settlement Statement T+12B calculation. 	This amendment proposes to align the tariff language with CAISO practices of providing Settlement Quality Meter Data to Scheduling Coordinators within eight business days after the trading day to be used in the Recalculation Settlement Statement T+12B calculation.
10.3.2.2, last paragraph	Each Scheduling Coordinator shall submit Settlement Quality Meter Data in kWh <u>or MWh</u> values for all of the Scheduling Coordinator Metered Entities for which it is responsible, aggregated by the applicable market or resource level. Scheduling Coordinators are not required to submit values in the absence of Supply, Demand, or other participation in the CAISO Markets.	This amendment proposes to add an additional value for the submission of Settlement Quality Meter Data that was inadvertently omitted in the CAISO's Metering Rules Enhancements tariff amendment. See CASIO February 8, 2017 transmittal letter at p. 12, fn. 51, Docket No. ER17-949, see also delegated letter order issued March 31, 2017 in ER17-949.
10.3.6.5	Each Scheduling Coordinator for a Demand Response Provider representing a Reliability Demand Response Resource that provides Demand Response Services only in Real-Time shall submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Reliability Demand Response Resource by noon <u>midnight</u> of the fifth-eighth Business Day after the Trading Day	The CAISO proposes to modify this tariff provision to be consistent with other CAISO processes and requirements by providing Settlement Quality Meter Data to Scheduling Coordinators within eight business days after the trading day.

Section	Proposed Changes	Reason for Change
	(T+58B) on which the Demand Response Services were provided, including Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for a Demand Response Event and for the forty-five (45) calendar days preceding the Trading Day for use in the CAISO's calculation of the Customer Load Baseline pursuant to Section 4.13.4.	
10.3.7.1, 1 st sentence	For Scheduling Coordinator Metered Entities that were not participating as such before April 10, 2017 proposed effective date , or that repower, modify their Meter Data interval, or add generating capacity after April 10, 2017 proposed effective date , the Scheduling Coordinators must submit an SQMD Plan to ensure that the Scheduling Coordinator will submit and maintain the integrity of Meter Data submitted to the CAISO for that Scheduling Coordinator Metered Entity.	This amendment proposes to correct a clerical error where the effective date was inadvertently omitted.
10.3.7.5, adding last sentence	<u>Proxy Demand Resources and Reliability Demand Response Resources that have satisfied the SQMD Plan requirement through the demand response registration process are not required to submit an annual affirmation.</u>	This change proposes to clarify that demand response resources are not required to annually affirm their compliance with a SQMD Plan through the submission of an annual affirmation if they have already satisfied this requirement through the demand response registration process.
11.5.2.2, 9 th sentence	In calculating the weighted average SMEC, MCC, and MCL for each hour for either the Default LAPs or Custom LAPs, the CAISO determines the weights based on the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM multiplied by the relevant FMM LMP at the applicable LAP plus the difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD multiplied by the relevant RTD LMP at the applicable LAP divided by the sum of the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM plus the	This amendment proposes to make the term "CAISO Forecast of CAISO Demand" consistent throughout the tariff.

Section	Proposed Changes	Reason for Change
	difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD.	
11.5.7.1, last sentence	The weights in the two markets will be based on the absolute values of the (a) deviation of the FMM Schedule or the CAISO Forecast of CAISO Demand used in the FMM from Day-Ahead Schedules and (b) deviation of the RTD schedule or the CAISO Forecast of CAISO Demand used in the RTD from Day-Ahead Schedules.	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
12.1(b)(iii)(1), 1 st sentence	(1) Pursuant to Sections 12.1 and 12.1.1, the prospective or existing Market Participant or its guarantor must have at least \$1 million in Tangible Net Worth or \$10 million in total assets, or post Financial Security using one or more of the forms specified in Section 12.2 (a) through (e) in the amounts set forth below.	This amendment proposes to correct a tariff cross-reference.
12.4.1, 2 nd from last sentence	If the CAISO and the Market Participant are unable to agree on the appropriate level of Financial Security during the two (2) Business Day review period, the Market Participant must post the additional Financial Security and may continue with the dispute process described in Section 12.4.2.	This amendment proposes to correct a typographical error by adding the word “the” before “two (2) Business Day review period.”
12.6.2.1, 1 st , 2 nd , and 3 rd sentences	To establish available credit for participating in any CRR Auction, each CRR Holder or Candidate CRR Holder that is not a federal agency must satisfy the credit requirements set forth in Section 12.1 and provide Financial Security using one or more of the forms identified in Section 12.2 (a) through (e) to secure the right to participate in the CAISO’s CRR Auctions as set forth below. In order to participate in an annual CRR Auction, the CRR Holder or Candidate CRR Holder must have Financial Security using one or more of the forms identified in Section 12.2 (a) through (e) in an amount that is the greater of \$500,000 or the sum of the maximum credit exposures of all of the CRR Holder’s or Candidate CRR Holder’s bids for CRRs submitted in the annual CRR Auction. In order to participate in a monthly CRR Auction, the CRR Holder or Candidate CRR	This amendment proposes to correct tariff cross-references.



Section	Proposed Changes	Reason for Change
	Holder must have Financial Security using one or more of the forms identified in Section 12.2 (a) through (e) in an amount that is the greater of \$100,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the monthly CRR Auction.	
12.6.3.1(a), 1 st sentence	(a) Each CRR Holder that is not a federal agency, whether it obtains CRRs through a CRR Allocation or a CRR Auction, must maintain Financial Security utilizing one or more of the forms specified in Section 12.2 (a) through (e) that meets or exceeds the credit requirement of the CRR portfolio determined as described in this Section 12.6.3.	This amendment proposes to correct tariff cross-references.
12.6.3.1(c), last sentence	Any additional Financial Security must be in one or more of the forms specified in Section 12.2 (a) through (e) .	This amendment proposes to correct tariff cross-references.
12.6.3.1(d), last sentence	Any additional Financial Security must be in one or more of the forms specified in Section 12.2 (a) through (e) .	This amendment proposes to correct tariff cross-references.
12.6.3.4, last sentence	Any additional Financial Security must be in one or more of the forms specified in Section 12.2 (a) through (e) .	This amendment proposes to correct tariff cross-references.
13.1.4	In the case of a dispute of a Settlement Statement under section 11.29.8.4.2, 11.29.8.4.4, 11.29.8.4.5, 11.29.8.4.6, or 11.29.8.4.8, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must initiate any good faith negotiation or other dispute resolution remedy under this Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under such section.	This amendment proposes to correct a tariff cross-reference and make the term "CAISO" consistent throughout the tariff.
17.3.4, 1 st sentence	After performing validation of the TOR Self-Schedule, and prior to taking any action pursuant to 17.36.2, the CAISO will make an automated validation notice available to the Scheduling Coordinator indicating whether the TOR Self-Schedule is valid or invalid.	This amendment proposes to correct an invalid tariff cross-reference.
20.2(f)(i)	(i) Information received under Sections 24.82.3.2 and 24.2.3.3 to the extent such information has been designated as confidential in accordance with the Business Practice Manual;	This amendment proposes to correct tariff cross-references.

Section	Proposed Changes	Reason for Change
24.5.1, 1 st paragraph, 2 nd from last sentence	Such proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to: (1) enable the CAISO to determine whether the Project Sponsor meets the qualification criteria specified in section 24.5.3.1; (2) enable the CAISO to determine whether a Project Sponsor's proposal meets the proposal qualification criteria in section 24.5.3.2; and (3) enable the CAISO, if there are multiple qualified Project Sponsors bidding on the same Regional Transmission Facility, to conduct a comparative analysis of the proposals and Project Sponsors and select an Approved Project Sponsor as described in section 24.5.32.5.	This amendment proposes to correct a tariff cross-reference.
24.5.1, 2 nd paragraph, 3 rd sentence	The posting of the key selection criteria is not a replacement or substitute for the qualification and selection criteria set forth in sections 24.5.3.1 and 24.5.4, and in its comparative analysis conducted in accordance with section 24.5.4, the CAISO is required to comparatively assess all of the qualification and selection criteria, not just those listed as key selection criteria. In its posting of the key selection criteria, the CAISO cannot add new or different criteria than those already specified in sections 24.5.3.1 and 24.5.4.	This amendment proposes to make the term "CAISO" consistent throughout the tariff.
24.5.1, 2 nd paragraph, last sentence	; and (11) whether the overall cost of the transmission solution impacts the CAISO's prior determination of, and inclusion in, the comprehensive Transmission Plan of the more efficient or cost effective solution during Phase 2 of the transmission planning process.	This amendment proposes to ensure that the term "CAISO" is consistent throughout the tariff.
24.5.1, 3 rd paragraph, 1 st sentence	The posting of the key selection criteria shall not undermine the CAISO's prior determination in Phase 2 of the transmission planning process of the more efficient or cost-effective transmission solution to be reflected in the comprehensive Transmission Plan, nor shall the posting of the key criteria replace or be inconsistent with the CAISO's obligation under section 24.5.4 to undertake a comparative analysis of each Project Sponsor with respect to each Project Sponsor	This amendment proposes to ensure that the term "CAISO" is consistent throughout the tariff.

Section	Proposed Changes	Reason for Change
	qualification and selection criterion.	
24.14	Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24 (including the responsibility for any costs incurred under Section 24.11) shall be determined as follows:	This amendment proposes to remove an invalid tariff cross-reference. The ISO tariff does not include a section 24.11.
25.1.2, 1 st sentence	If the owner of a Generating Unit described in Section 25.1(d) or (e) , or its designee, represents that the total generating capability and electrical characteristics of the Generating Unit will be substantially unchanged, then that entity must submit an affidavit to the CAISO and the applicable Participating TO representing that the total generating capability and electrical characteristics of the Generating Unit have remained substantially unchanged.	This amendment proposes to correct a tariff cross-reference.
26.1.4.3, 1 st and last sentences	<p>The CAISO shall collect and pay to Participating TOs and other entities as provided in Section 24.140.3 all Wheeling revenues at the same time as other CAISO charges and payments are settled.</p> <p style="text-align: center;">* * * * *</p> <p>The CAISO shall provide to the applicable Participating TO and other entities as provided in Section 24.140.3 a statement of the aggregate amount of Energy delivered to each Scheduling Coordinator using such Participating TO's Scheduling Point to allow for calculation of Wheeling revenue and auditing of disbursements. Wheeling revenues shall be disbursed by the CAISO based on the following:</p>	This amendment proposes to correct a tariff cross-reference.
26.1.4.3.1, last sentence	Additionally, if a Participating TO has a transmission upgrade or addition that was funded by a Project Sponsor, the Wheeling revenue allocated to such Participating TO shall be disbursed as provided in Section 24.140.3.	This amendment proposes to correct a tariff cross-reference.
27.4.1, 1 st sentence	The CAISO uses SCUC to run the MPM process associated with the DAM and the RTM. SCUC is conducted over multiple varying intervals to commit and schedule resources as follows: (1) in the Day-Ahead time frame, to meet Demand reflected in Bids submitted in the Day-Ahead Market and considered in the	This amendment proposes to make the term "CAISO Forecast of CAISO Demand" consistent throughout the tariff.

Section	Proposed Changes	Reason for Change
	MPM process and IFM, and to procure AS in the IFM; (2) to meet the CAISO Forecast of CAISO Demand in the RUC, HASP, STUC and FMM, and in the MPM process utilized in the HASP and RTM; and (3) to procure any incremental AS in the RTM, and (4) to procure Flexible Ramping Product in the RTM.	
27.4.1, 3 rd sentence	The Trading Hours for which the Real-Time Markets have closed consist of (a) the Trading Hour in which the applicable run is conducted and (b) all the fifteen-minute intervals of the entire subsequent Trading Hour. In the HASP, which runs once per hour, the SCUC: (1) accepts and awards HASP Block Intertie Schedules for Energy and Ancillary Services, respectively; (2) provides HASP Advisory Schedules to Economic Hourly Block Bids with Intra-Hour Option that will change for economic reasons at most once in the Trading Hour; and (3) provides HASP Advisory Schedules to all other participants in the RTM.	This amendment proposes to add punctuation.
30.5.2.1, last paragraph	Scheduling Coordinators submitting Bids for Scheduling Points must adhere to the e-Tagging requirements outlined in Section 30.5.7 6-2 .	This amendment proposes to correct a tariff cross-reference. <i>E-Tag Rules and Treatment of Intertie Schedules</i> was relocated to section 30.5.7 in Docket No. ER18-1787-000 (delegated letter order issued October 29, 2018).
30.7.3.4, last sentence	In addition, validation of export priority pursuant to Sections 31.4 and 34.1 20 .1 and Wheeling Through transactions pursuant to Section 30.5.4 occur after the Market Close for the DAM.	This amendment proposes to correct a tariff cross-reference. Section 34.10.2 was relocated to section 34.12.2 in Docket No. ER14-495-000, <i>Cal. Indep. Sys. Operator Corp.</i> , 146 FERC ¶ 61,205 (2014).
31, last sentence	The CAISO may issue Schedules for Supply from Proxy Demand Resources only where the CAISO's conditions of the net benefits test set forth in Section 30.6.3 necessary for the issuance of Schedules for Supply from the Proxy Demand Resources have been satisfied.	This CAISO proposes deleting the last sentence as it inaccurately reflects how the net benefits test was implemented in compliance with FERC Order No. 745. See Docket No. ER11-3616, <i>Cal. Indep. Sys. Operator Corp.</i> , 138 FERC ¶ 61,117. Currently, the CAISO issues schedules to

Section	Proposed Changes	Reason for Change
		Proxy Demand Resources based on economic bids regardless of where bid is relative to the net benefits test. But when the CAISO settles schedules below the net benefits test, it applies a “default load adjustment” to ensure that the overall benefit of the reduced LMP that results from dispatching demand response resources exceeds the costs of dispatching and paying LMP to those resources, as required by Order No. 745. As such, last sentence of current tariff section 31, which suggests a limit on the ability of the CAISO to issue schedules to proxy demand resources, is not accurate.
34.2.1, 1 st sentence	The Hour-Ahead Scheduling Process is a Real-Time Market process and a special run of the RTUC through which the CAISO accepts or rejects the following Bids submitted by Scheduling Coordinators at Scheduling Points: (1) Self-Schedule Hourly Blocks for Energy and Ancillary Services, (2) VER Self-Schedules for Energy, (3) Economic Hourly Block Bids for Energy and Ancillary Services, and (4) Economic Hourly Block Bids with Intra-Hour Option for Energy and providing an hourly schedule that can be changed at most once in the Trading Hour.	This amendment proposes to add punctuation.
34.2.1, 3 rd from last sentence	Therefore, CAISO clears Supply Bids against the CAISO Forecast of CAISO Demand plus submitted Export Bids, to the extent the Export Bids are selected in the MPM process.	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
34.2.2, 1 st sentence	The HASP optimization does not adjust submitted Self-Schedule Hourly Blocks for Energy or Ancillary Services, or Self-Scheduled Variable Energy Resources unless it is not possible to balance Supply and the CAISO Forecast of CAISO Demand plus Export Bids and manage Congestion using the available Economic Bids, in which case the HASP performs non-economic adjustments to Self-Schedules to	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.

Section	Proposed Changes	Reason for Change
	accommodate operational restrictions.	
34.4, 2 nd to last sentence	The FMM will clear Supply against the CAISO Forecast of CAISO Demand and exports.	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
34.6, 1 st sentence	Once per hour, near the top of each Trading Hour, immediately after the FMM and the RTUC for the same interval is completed the CAISO performs an approximately five (5) hour Short-Term Unit Commitment (STUC) run using SCUC and the CAISO Forecast of CAISO Demand to commit Medium Start Units and Short Start Units with Start-Up Times greater than the time period covered by the RTUC described in Section 34.3.	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
36.4.1.3, last sentence	Maintaining the feasibility of allocated Long Term CRRs over the length of their terms also is accomplished through the transmission planning process in Section 24. 4.3.	The CAISO proposes to correct this tariff cross-reference because it was eliminated in the CAISO’s revisions to the transmission planning process compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062. The CAISO proposes to simply modify the tariff cross-reference to reflect section 24 in its entirety.
37.11.1, 4 th sentence	Where a Scheduling Coordinator fails to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by T+48B for one or more scheduled Resource IDs for a given Trading Day and that Scheduling Coordinator also fails to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6. 43 for Recalculation Settlement Statement T+9M, then the Scheduling Coordinator shall also be levied a Sanction of \$3,000.	This amendment proposes to correct a tariff cross-reference as section 10.3.6.4 pertains to the timing of the Settlement Quality Meter Date for the Recalculation Settlement Statement T+9M.
40.3.1.1, last sentence of 1 st paragraph	In performing the Local Capacity Technical Study, the CAISO will apply those methods for resolving Contingencies considered appropriate for the performance level that corresponds to a particular studied Contingency, as provided in NERC Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0, and TPL-004-0, as augmented by CAISO Reliability Criteria in	This amendment proposes to correct a tariff cross-reference. Section 24.2.1 was relocated to section 24.3.1 in the CAISO’s revisions to the transmission planning process January 19, 2011, compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator</i>

Section	Proposed Changes	Reason for Change
	accordance with the Transmission Control Agreement and Section 24.32.1. The CAISO Reliability Criteria shall include:	<i>Corp.</i> , 137 FERC ¶ 61,062.
40.4.6.2.2.1, header	40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers	This amendment proposes to correct a typographical error.
40.4.6.2.2.1, 1 st sentence	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 40.4.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:	This amendment proposes to correct a tariff cross-reference.
40.8.1.1	40.8.1.1 [Not Used] 40.8.1.2 Nuclear and Thermal	This amendment proposes inserting a placeholder tariff section number of 40.8.1.1 and marking it as “[Not Used]” to maintain sequential numbering.
40.9.6.2(d)	(d) Unpaid Funds. Any Non-Availability Charge funds that are not distributed to Resource Adequacy Resources eligible to receive Availability Incentive Payments in a month will be added to the funds available for Availability Incentive Payments in the next month and will continue to roll over to the successive months until <u>the end of the year</u> . The CAISO distributes any unallocated funds remaining after the CAISO settles December monthly RAAIM Non-Availability Charges and Non-Availability Incentive Payments paid out or December 31, at which time the separate pool of undistributed Non-Availability Charge funds collected for local and/or system Resource Adequacy Capacity will be distributed to Load Serving Entities based on their load ratio share for the year. The separate pool of undistributed Non-Availability Charge funds collected for Flexible RA Capacity will be distributed to Load Serving Entities based on their overall ratio of obligation to demonstrate Flexible RA Capacity for the year.	This amendment proposes to clarify language regarding what happens to RAAIM charges that are not distributed as RAAIM incentive payments. These funds roll over month-to-month until the end of the year. Currently, the language suggests that the unallocated funds must be distributed on December 31. The CAISO proposes to clarify the language to indicate that the CAISO will distribute the funds after the year is over instead of on December 31.

Section	Proposed Changes	Reason for Change
40.10.2.2(b)-(c)	<p>(b) The CAISO will deduct the Flexible Capacity Need allocated to each Load-following MSS from the calculation to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.</p> <p>(c) If the Load-following MSS Load Serving Entity's contribution to the three-hour net-load ramp calculated under Section 40.10.2.2(a)(1) is less than its contribution to the 3.5 percent of expected peak load, the CAISO will not reallocate that difference to other Local Regulatory Authorities to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.</p>	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as "[Not Used]" in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.4.1(a)	<p>(a) Flexible Resources. The CAISO will calculate the Effective Flexible Capacity value of a resource, for use (i) if a Local Regulatory Authority has not established criteria for calculating the Effective Flexible Capacity value for eligible resource types, and (ii) for determining if a cumulative deficiency exists under Sections 43A.2.7(a) and (b), as follows, except as provided in Sections 40.10.4.1 (b) through (f) –</p>	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as "[Not Used]" in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.4.1(c)	<p>(c) Proxy Demand Resource.</p>	This amendment proposes to add punctuation.
40.10.5.3(c)(1)	<p>(1) The CAISO will evaluate the annual LSE Flexible RA Capacity Plans of all Load Serving Entities on a cumulative basis to determine whether the total amount of Flexible RA Capacity shown in the plans meets 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(a).</p>	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as "[Not Used]" in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.5.3(c)(2)	<p>(2) The CAISO will evaluate the monthly Flexible RA Capacity Plans of all Load Serving Entities to determine whether (i) the total amount of Flexible RA Capacity shown in the plans, limited to the maximum monthly requirement for each category, meets the applicable monthly Flexible Capacity</p>	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as "[Not Used]" in order to alleviate confusion regarding references to capacity procurement

Section	Proposed Changes	Reason for Change
	Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(1); or (ii) the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans meets the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.5 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(2).	mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.5.4(c)	(c) Unresolved Deficiency. If the CAISO issues a notice of deficiency under Section 40.10.5.4(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.5.5(c)	(c) Unresolved Discrepancy. If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and is not advised that the discrepancy is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
40.10.6.1(f)(3)	(3) If availability is required under Section 40.6.2, the Scheduling Coordinator for the resource must submit to the RTM for that Trading hour for which the resource is capable of responding to Dispatch Instructions: (i) <u>Economic Bids for Energy Bids</u> for the full amount of the available Flexible RA Capacity, including capacity for which it has submitted <u>Economic Bids for Ancillary Services Bids</u> ; and (ii) <u>Economic Bids for Ancillary Services Bids</u> for the full amount of its Flexible RA Capacity that is certified to provide Ancillary Services <u>and that did not receive a day-ahead award</u> , and for	This amendment proposes to more accurately reflect the intent of the approved CAISO policies because the defined term Bid encompasses self-schedules and virtual bids. Economic Bid means “A Bid that includes quantity (MWh or MW) and price (\$) for specified Trading Hours.”



Section	Proposed Changes	Reason for Change
	each Ancillary Service for which the resource is certified, including capacity for which it has submitted <u>Economic Bids for Energy-Bids</u> .	
40.10.6.1(h)	(h) Non-Generator Resources, Regulation Energy Management. Non-Generator Resources providing Flexible RA Capacity and Regulation Energy Management must submit <u>Economic Bids for Regulation Up and Regulation Down</u> for Trading Hours in the 17-hour period from 5:00 a.m. to 10:00 p.m., seven days a week and shall not submit Bids for Energy or other Ancillary Services.	This amendment proposes to more accurately reflect the intent of the approved CAISO policies because the defined term Bid encompasses self-schedules and virtual bids. Economic Bid means “A Bid that includes quantity (MWh or MW) and price (\$) for specified Trading Hours.”
40.10.6.2(2)	(2) An Exceptional Dispatch instruction issued to the resource for all or a portion of its Flexible RA Capacity shall not be an Exceptional Dispatch CPM designation under Section 43A.2.5.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
42.1.5, last sentence	These steps can include the negotiation of contracts <u>on a Real-Time basis</u> for Generation, or Ancillary Services, <u>or unloaded resource capacity to meet Applicable Reliability Criteria on a Real-Time basis.</u> Unless otherwise specified, the contract price for Ancillary Services or unloaded resource capacity to meet Applicable Reliability Criteria is the applicable Fifteen-Minute Market Ancillary Service Marginal Price.	This amendment proposes to conform the tariff to existing business practice by clarifying that the CAISO may enter into real-time contracts for unloaded resource capacity to meet Applicable Reliability Criteria. The amendment also proposes to specify the rate for real-time contracts for Ancillary Services and unloaded resource capacity as the applicable Fifteen-Minute Market Ancillary Services Marginal Price, unless otherwise specified.

Section	Proposed Changes	Reason for Change
All of section 43	43. [Not Used] Capacity Procurement Mechanism Marking all of section 43 as “[Not Used].”	This amendment proposes to mark section 43 as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
43A.3.2	CPM Capacity designated under Section 43A.2.12.2 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.	This amendment proposes to correct a tariff cross-reference.
43A.6.1, 2 nd sentence	CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.119.4.	This amendment proposes to correct a tariff cross-reference. Section 34.9 was relocated to section 34.11 in the CAISO’s compliance with FERC Order No. 764 (<i>Cal. Indep. Sys. Operator Corp.</i> , 146 FERC ¶ 61,205 (2014)).
Appendix A - ACR	–ACR All Constraints Run	The term “All Constraints Run,” was deleted as a defined term in the CAISO’s 2011 Local Market Power Mitigation filing, Docket No. ER12-423-000 (<i>Cal. Indep. Sys. Operator Corp.</i> , 138 FERC ¶ 61,164 (2012)). The acronym, “ACR,” however, was not removed from the tariff. This amendment proposes to make that change.
Appendix A - Business Practice Manuals	A collection of documents made available by the CAISO on the CAISO Website that contain the rules, policies, procedures and guidelines established by the CAISO for operational, planning, accounting and settlement requirements of CAISO Market activities, consistent with the CAISO Tariff.	This amendment proposes to correct a typographical error to change the word “policies” to “policies.”
Appendix A - CAISO Forecast of CAISO Demand	- CAISO Forecast of CAISO Demand	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
Appendix A - Capacity Procurement Mechanism (CPM)	The Capacity Procurement Mechanism, as set forth in Section 43A.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in

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Section	Proposed Changes	Reason for Change
		order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
Appendix A - CCR	CCR Competitive Constraints Run	The term “Competitive Constraints Run,” was deleted as a defined term in the CAISO’s 2011 Local Market Power Mitigation filing, Docket No. ER12-423-000 (<i>Cal. Indep. Sys. Operator Corp.</i> , 138 FERC ¶ 61,164 (2012)). The acronym, “CCR,” however, was not removed from the tariff. This amendment proposes to make that change.
Appendix A - CPM Capacity, 1 st sentence	Capacity of Generating Units, System Units, System Resources, PDR or Participating Load that is designated under the CPM in accordance with Section 43A during the term of the designation.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
Appendix A - Energy-Only Deliverability Status	A condition elected by an Interconnection Customer for a Large Generating Facility interconnected with the CAISO Controlled Grid the result of which is that the Interconnection Customer is responsible only for the costs of Reliability Network Upgrades and is not responsible for the costs of Delivery Network Upgrades, but the Large Generating Facility will be deemed to have a Net Qualifying Capacity of zero, and, therefore, cannot be considered to be a Resource Adequacy Resource.	This amendment proposes to redefine Energy-Only Deliverability Status to remove the limitation that it applies solely to large generators. See CAISO transmittal letter dated August 4, 2014 in ER14-2586; <i>Cal. Indep. Sys. Operator Corp.</i> 149 FERC ¶ 61,100 (2014) at PP19-20.
Appendix A - Energy Resource Area (ERA)	A geographic region certified by the California Public Utilities Commission and the California Energy Commission as an area in which multiple LCRIGs could be located, provided that, for the interim period before those agencies certify such areas and	This amendment proposes to correct a tariff cross-reference. Section 24.1.3 was eliminated and reference to LCRIF Projects was relocated to section 24.4.6.3 in the

Section	Proposed Changes	Reason for Change
	for LCRIFs that are proposed to connect LCRIGs located outside the State of California, an Energy Resource Area shall mean a geographic region that would be connected to the CAISO Controlled Grid by an LCRIF with respect to which the CAISO Governing Board determines that all of the requirements of Section 24.4.64-3 are satisfied, except for the requirement that the LCRIGs to which the LCRIF would connect are located in an area certified as an ERA by those agencies.	CAISO's revisions to the transmission planning process compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix A - Exceptional Dispatch CPM	An Exceptional Dispatch CPM under Section 43A.24.5 with a term of 30 <u>or 60</u> days.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)). Section 43A.2.5 references Exceptional Dispatch CPM, which clearly states a term of 30 or 60 days. This change proposes to reconcile the definition with the tariff language in section 43A.2.5.
Appendix A - Exceptional Dispatch Term	The term of each Exceptional Dispatch CPM designation, as determined pursuant to Section 43A.3.6.	This amendment proposes to change the tariff cross-reference to section 43A because section 43 is being marked as “[Not Used]” in order to alleviate confusion regarding references to capacity procurement mechanism, which took effect on November 1, 2016 (<i>Cal. Indep. Sys. Operator Corp.</i> , 153 FERC ¶ 61,001 (2015)).
Appendix A - Fifteen-Minute Market (FMM)	<p>- Fifteen-Minute Market (FMM)</p> <p>A Real-Time market procedure conducted throughout the Operating Day in fifteen-minute increments prior to the RTD, to clear Bids for Energy and Ancillary Services from imports and exports, internal Supply and CAISO Forecast oof CAISO</p>	This amendment corrects punctuation and hyphenates Fifteen-Minute Market. Additionally, this amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.

Matrix of Proposed Changes

Section	Proposed Changes	Reason for Change
	Demand, as further specified in Section 34.5.	
Appendix A - Interconnection Base Case Data, last sentence	To the maximum extent practicable, the Interconnection Base Case Data shall utilize the Unified Planning Assumptions developed pursuant to Section 24.32.4.	This amendment proposes to correct a tariff cross-reference. Section 24.2.4 was relocated to section 24.3 in the CAISO's revisions to the transmission planning process compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix A - Location Constrained Resource Interconnection Facility	A Transmission Facility that has been determined by the CAISO to satisfy all of the requirements of Section 24.4.4.6.3.	This amendment proposes to correct a tariff cross-reference. Section 24.4.6.3 covers LCRIF.
Appendix A - Market Manipulation	Market Manipulation has the meaning set forth in <u>18 C.F.R. § 1c-Section 37.7.</u>	This change is proposing to cite the FERC regulation for the defined term, "Market Manipulation."
Appendix A - Measured Demand	THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.	This amendment proposes to remove an unnecessary header.
Appendix A - Non-Generator Resources	THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.	This amendment proposes to remove an unnecessary header.
Appendix A - OTC	OTC Operating Transfer Capability	This amendment proposes to delete a defined term. The term "Operating Transfer Capability" was eliminated as a defined term and replaced with "Total Transfer Capability" as a defined term in Docket No. ER12-1468-000 (<i>Cal. Indep. Sys. Operator Corp.</i> , 139 FERC ¶ 61,181). The acronym "OTC," however, was not removed and the CAISO is proposing to align the tariff with FERC's directive.
Appendix A - Participating Intermittent Resource Export Fee	Participating Intermittent Resource Export Fee based on Schedule 4 of Appendix F and Section 5.3 of Appendix Q.	This amendment proposes to remove language related to Participating Intermittent Resources Protective Measures, which expired in May of 2017 and removed from the tariff in the CAISO's 2018 tariff clarifications

Section	Proposed Changes	Reason for Change
		filing, Docket NO. ER18-1787-000, delegated letter order issued October 29, 2018.
Appendix A - Planning Standards Committee	–Planning Standards Committee The committee appointed under Section 24.2.1.	The CAISO proposes to eliminate this defined term as it, along with its tariff cross-reference, were eliminated in the CAISO’s revisions to the transmission planning process compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix A - Pre-Construction Activities	Actions by a Participating TO, other than those required by an Engineering and Procurement Agreement under GIP Section 10 in Appendix Y, <u>and Section 12 of Appendix DD</u> , undertaken prior to Construction Activities in order to prepare for the construction of Participating TO’s Interconnection Facilities or Network Upgrades assigned to the Interconnection Customer, including, but not limited to, preliminary engineering, permitting activities, environmental analysis, or other activities specifically needed to obtain governmental approvals for the Participating TO’s Interconnection Facilities or Network Upgrades.	This amendment proposes to add an additional cross-reference regarding Engineering and Procurement Agreements.
Appendix A - Real-Time Dispatch (RTD)	The SCED and SCUC software used by the CAISO to determine which Ancillary Service and Imbalance Energy resources to Dispatch and to calculate LMPs.	The term “Imbalance Energy” was removed and replaced with more exacting terms in the CAISO’s Order No. 764 compliance filing. The CAISO is proposing to align the tariff with that change and simplify the definition of Real-Time Dispatch.
Appendix A - Real-Time Market (RTM)	The spot market conducted by the CAISO using SCUC and SCED in the Real-Time which includes the HASP, FMM, STUC and the RTD for the purpose of Unit Commitment, Ancillary Service procurement, Congestion Management and Energy procurement based on Supply Bids and CAISO Forecast of CAISO Demand.	This amendment proposes to make the term “CAISO Forecast of CAISO Demand” consistent throughout the tariff.
Appendix A - Regulation Energy Management	THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.	This amendment proposes to delete an unnecessary header.

Matrix of Proposed Changes

Section	Proposed Changes	Reason for Change
Appendix A - Request Window	The period of time as set forth in the Business Practice Manual during which transmission additions or upgrades, requests for Economic Planning Studies, and other transmission related information is submitted to the CAISO in accordance with Section 24. 42 . <u>12</u> .	This amendment proposes to correct a tariff cross-reference. Section 24.2.2 was relocated to section 24.4.1 in the CAISO's revisions to the transmission planning process January 19, 2011, compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix A - Rules of Conduct	- Rules of Conduct The rules set forth in Sections 37.2 through 37. 67 .	This amendment proposes to correct a tariff cross-reference. Section 37.7 was eliminated in the CAISO's Compliance with FERC Order No. 719, Docket No. ER11-3408-000, <i>Cal. Indep. Sys. Operator Corp.</i> , 136 FERC ¶ 61,102 (2011).
Appendix A - Scheduling Coordinator Metered Entity	vii. an End User; and viii. a utility that requests that Unaccounted For Energy for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the system of other utilities; and ix. _____ Tie Point Meters with other Transmission Owners or Balancing Authority Areas.	This amendment proposes to add additional values for the submission of Settlement Quality Meter Data that was inadvertently omitted in the CAISO's Metering Rules Enhancements tariff amendment transmittal letter at pp. 6-7, Docket No. ER17-949-000, and see delegated letter order issued March 31, 2017.
Appendix A - Study Plan	The plan to be developed pursuant to Section 24. 32 .1, which sets forth the technical studies to be performed during the annual Transmission Planning Process.	This amendment proposes to correct a tariff cross-reference. Section 24.2.1 was relocated to section 24.3.1 in the CAISO's revisions to the transmission planning process January 19, 2011, compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix A - TAC Transition Date	-TAC Transition Date January 1, 2001, the date described in Section 4.2 of Appendix F, Schedule 3, when the first New Participating TO's execution of the Transmission Control Agreement took effect, which established the start of the TAC Transition Period for the calculation of the Access Charge.	This amendment proposes to remove outdated tariff language.

Section	Proposed Changes	Reason for Change
Appendix A - TAC Transition Period	<p>TAC Transition Period The 10-year transition period for the CAISO's Access Charge methodology commencing January 1, 2001 through December 31, 2010.</p>	This amendment proposes to remove outdated tariff language.
Appendix A - Unified Planning Assumptions	The assumptions to be developed pursuant to Section 24.32.1 and used, to the maximum extent possible, in performing technical studies identified in the Study Plan as part of the annual Transmission Planning Process.	This amendment proposes to correct a tariff cross-reference. Section 24.2.1 was relocated to section 24.3.1 in the CAISO's revisions to the transmission planning process January 19, 2011, compliance filing, Docket No. ER11-2705, <i>Cal. Indep. Sys. Operator Corp.</i> , 137 FERC ¶ 61,062.
Appendix F, Schedule 4	<p>Participating Intermittent Resources Export Fee A Participating Intermittent Resources Export Fee shall be assessed to Exporting Participating Intermittent Resources each calendar month. The Participating Intermittent Resources Export Fee shall be calculated as the product of (1) the sum of all Settlement costs avoided by Participating Intermittent Resources for the preceding calendar month, or portion thereof, consisting of Charge Codes 6486 [Real Time Excess Cost For Instructed] and 1487 [Energy Exchange Program Neutrality], but excluding charges for Uninstructed Energy associated with Charge Code 6475, (2) by the ratio of the total MW/h generated by an Exporting Participating Intermittent Resource during the calendar month, or portion thereof (based on metered output), by the total MW/h generated by all Participating Intermittent Resources during the calendar month, or portion thereof (based on metered output), and (3) by the percentage of the Exporting Participating Intermittent Resource's capacity deemed exporting under Section 5.3 of the EIRP or PIR Export Percentage. Participating Intermittent Resources Export Fee per Participating Intermittent Resource = Program Costs x (MW/h individual Participating Intermittent Resource/MW/h all Participating Intermittent Resources) x PIR</p>	This amendment proposes to remove language related to Participating Intermittent Resources Protective Measures, which expired in May of 2017 and were removed from the tariff in the CAISO's 2018 tariff clarifications filing, Docket No. ER18-1787-000, delegated letter order issued October 29, 2018.

Section	Proposed Changes	Reason for Change
	Export Percentage	
Appendix J	Delete all of sections 1 and 3.	This amendment proposes to remove outdated tariff language related to the CAISO's Grandfathered Metering and Settlement Provisions prior to the October 1, 2011, trading day.
Appendix N, header	Appendix N Pseudo-Tie Protocols	This amendment proposes to correct a typographical error.
Appendix N, Section 1.1.1.	1.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, and WECC, and North American Energy Standards Board (NAESB) reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a "Point Of Delivery" (POD) with the NAESB Electric Industry Registry (EIR) on NERC's Transmission Service Information Network (TSIN). All (off-system) static scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.	This amendment proposes to update tariff language to reflect that the Point of Delivery (POD) is registered with the North American Energy Standards Board (NAESB) Electric Industry Registry (EIR).
Appendix N, Section 2.1.1.	2.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, and WECC, and NAESB reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a "Point Of Delivery" (POD) with the NAESB EIR on NERC's Transmission Service Information Network (TSIN). All interchange scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.	This amendment proposes to update tariff language to reflect that the Point of Delivery (POD) is registered with the North American Energy Standards Board (NAESB) Electric Industry Registry (EIR).
Appendix Q, Section 3.1.3, 3 rd sentence	Wind EIRs with a PGA or NS PGA that are operating or have final regulatory approvals to construct as of [[the effective date of this change]] November 1, 2018 , that have wind turbines without nacelle anemometers need not comply with the requirements of this section for Designated Turbines.	This amendment proposes to add the effective date that the change was made, which came from the CAISO's tariff clarifications filing in Docket No. ER18-1787-000, delegated letter order issued October 29, 2018.



California ISO

Matrix of Proposed Changes

Section	Proposed Changes	Reason for Change
Appendix DD, Section 1, 2 nd sentence	This GIDAP applies to Interconnection Requests that are either assigned to Queue Cluster 5 and subsequent Queue Clusters, or submitted for the Independent Study Process, or Fast Track Process after effective date of tariff amendment <u>July 25, 2012</u> .	This amendment proposes to include the effective date of the tariff language, which was inadvertently omitted in the CAISO's Transmission Planning-Generator Interconnection Procedures tariff amendment filing, Docket No. ER12-1855-000, <i>Cal. Indep. Sys. Operator Corp.</i> , 140 FERC ¶ 61,070 (2012).

Attachment B – Clean Tariff
Tariff Clarifications Amendment
California Independent System Operator Corporation

4.5.3.12 Financial Responsibility

Assuming financial responsibility for all Schedules, AS Awards and Dispatch Instructions issued in the CAISO Markets, and all Virtual Awards in accordance with the provisions of this CAISO Tariff;

4.5.3.13 Compliance with Environmental Constraints, Operating Permits and Applicable Law

Submitting Bids so that any service provided in accordance with such Bids does not violate environmental constraints, operating permits or applicable law. All submitted Bids must reflect resource limitations and other constraints as such are required to be reported to the CAISO Control Center.

4.5.3.14 Tax Compliance

Providing, as described in the Business Practice Manuals, resale certificates or other proof acceptable to CAISO that its purchases of energy are exempt from any sales and use taxes that otherwise might apply; and

4.5.3.15 SQMD Plan

Complying with the SQMD Plan for eligible entities it serves pursuant to Section 10.3.7.

* * * * *

4.7 Relationship Between CAISO and Participating Loads

The CAISO shall only accept Bids for Supply of Energy or Ancillary Services or Submissions to Self-Provide Ancillary Services from Loads if such Loads are those of a Participating Load that has entered into a Participating Load Agreement with the CAISO and which meet standards adopted by the CAISO and published on the CAISO Website. The CAISO shall not accept submitted Bids for Supply of Energy or Ancillary Services from a Participating Load other than through a Scheduling Coordinator. The CAISO shall not accept Bids from Scheduling Coordinators relating to Load from any Non-Generator Resource unless the resource owner or operator undertakes in writing, by entering into a Participating Load Agreement, to comply with all applicable provisions of this CAISO Tariff as they may be amended from time to time.

* * * * *

4.12.3 Telemetry Data to Demonstrate Compliance

The Resource-Specific System Resource owner shall provide SCADA data by telemetry to the CAISO EMS at the Resource-Specific System Resource owner's expense in order to demonstrate compliance with CAISO Start-Up Instructions in order to be eligible for BCR. Telemetry data from Dynamic Resource-Specific System Resources shall be provided in accordance with the requirements of the CAISO's Dynamic Scheduling Protocol in Appendix M. For Non-Dynamic Resource-Specific System Resources, the Resource-Specific System Resource owner shall have the option of providing the required telemetry data by transmittal directly to the CAISO EMS in accordance with the CAISO's standards for direct telemetry or by means of transmittal to the CAISO EMS through the EMS of its Host Balancing Authority Area by use of the inter-control center communications protocol (ICCP).

* * * * *

6.1.2 Information Transfer from Scheduling Coordinator to CAISO

Unless otherwise agreed by the CAISO, Scheduling Coordinators who wish to submit Bids into CAISO Markets for Energy or Ancillary Services to the CAISO must submit the information to the CAISO's secure communication system. Scheduling Coordinators that wish to submit Dynamic Schedules or Bids for Ancillary Services to the CAISO must also comply with the applicable requirements of Sections 4.5.4.3, 8.3.7, and 8.4.5.

* * * * *

8.2.3.1 Regulation Service

The CAISO shall maintain sufficient resources immediately responsive to the CAISO's EMS control in order to provide sufficient Regulation service to allow the CAISO Balancing Authority Area to meet NERC and WECC reliability standards and any requirements of the NRC by continuously balancing resources to

meet deviations between actual and scheduled Demand and to maintain Interchange Schedules. The quantity of Regulation Down and Regulation Up capacity needed for each Settlement Period of the Day-Ahead Market and in each fifteen (15) minute period in Real-Time shall be determined by the CAISO as a percentage of the applicable CAISO Forecast of CAISO Demand for the Day-Ahead and Real-Time Markets. In HASP, the amount of advisory Regulation from Dynamic System Resources required for each Settlement Period in the next Trading Hour is also determined based on the CAISO Forecast of CAISO Demand. The advisory awards of Regulation from Dynamic System Resources in HASP are not binding and are re-optimized through the FMM and RTD processes in the Real-Time Market. The CAISO's determination is based upon its need to meet the NERC and WECC reliability standards and any requirements of the NRC. The CAISO will take into account the speed and accuracy of regulation resources in its determination of Regulation requirements, including as it qualifies self-provided Regulation. Upon request of a Scheduling Coordinator, the CAISO will share with the Scheduling Coordinator its reasoning and any related data used to make the determination of whether the Scheduling Coordinator's self-provided Regulation capacity meets its regulation obligation.

* * * * *

8.3.1 Procurement of Ancillary Services

The CAISO shall operate competitive Day-Ahead and Real-Time Markets to procure Ancillary Services. The Security Constrained Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED) applications used in the Integrated Forward Market (IFM) and the Real-Time Market (RTM) shall calculate optimal resource commitment, Energy, and Ancillary Services Awards and Schedules at least cost to End-Use Customers consistent with maintaining System Reliability. Any Scheduling Coordinator representing resources, System Units, Participating Loads, Proxy Demand Resources or imports of System Resources may submit Bids into the CAISO's Ancillary Services markets provided that it is in possession of a current certificate for the resources concerned. Regulation Up, Regulation Down, and Operating Reserves necessary to meet CAISO requirements not met by self-provision will be procured by the CAISO as described in this CAISO Tariff. The amount of Ancillary Services procured in the IFM is

based on the CAISO Forecast of CAISO Demand and the forecasted intertie schedules in the RTM for the Operating Hour net of (i) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services and (ii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of additional Ancillary Services procured in the RTM is based on the CAISO Forecast of CAISO Demand, the Day-Ahead Schedules established net interchange, and the forecast of the Intertie Schedules for the Operating Hour in the RTM net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, and (iii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of Ancillary Services procured in the Real-Time Market is based upon the CAISO Forecast of CAISO Demand and the net interchange for the Operating Hour from FMM Schedules net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, (iii) additional Operating Reserves procured in the FMM, and (iv) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The CAISO may procure incremental Ancillary Services in the Real-Time Market based in part on a determination during the FMM that any Ancillary Services capacity awarded or self-provided in the Day-Ahead Market is not available as a result of a resource constraint or Transmission Constraints. Resource constraints may include but are not limited to an Outage of a resource or Ramp Rate constraints. Incremental procurement in the Real-Time Market will exclude Ancillary Services Capacity the CAISO has determined is not available.

The CAISO will manage the Energy from both CAISO-procured and Self-Provided Ancillary Services as part of the FMM and Real-Time Dispatch. In the Day-Ahead Market, the CAISO procures one-hundred (100) percent of its Ancillary Service requirements based on the Day-Ahead Demand Forecast net of Self-Provided Ancillary Services. After the Day-Ahead Market, the CAISO procures additional Ancillary Services needed to meet system requirements from all resources in the Real-Time Market. The amount

of Ancillary Services procured in the Real-Time Market is based on the CAISO Forecast of CAISO Demand for the Operating Hour net of Self-Provided Ancillary Services.

* * * * *

8.3.3.2 Criteria for Use of Ancillary Service Regions and Sub-Regions

The CAISO's use of an Ancillary Service Sub-Region occurs when the CAISO establishes a minimum or maximum limit for that Sub-Region. The CAISO's use of minimum and maximum procurement limits for Ancillary Services help to ensure that the Ancillary Services required in the CAISO Balancing Authority Area are dispersed appropriately throughout the CAISO Balancing Authority Area and accurately reflect the system topology and deliverability needs. The factors the CAISO will use in determining whether to establish or change minimum or maximum limits include, but are not limited to, the following: (a) the CAISO Forecast of CAISO Demand; (b) the location of Demand within the Balancing Authority Area; (c) information regarding network and resource operating constraints that affect the deliverability of Ancillary Services into or out of an Ancillary Service Region; (d) the locational mix of generating resources; (e) generating resource Outages; (f) historical patterns of transmission and generating resource availability; (g) regional transmission limitations and constraints; (h) transmission Outages; (i) Available Transfer Capability; (j) Day-Ahead Schedules or FMM Schedules involving Intertie transactions; (k) whether any Ancillary Services provided from System Resources requiring a NERC tag fail to have a NERC tag; and (l) other factors affecting System Reliability. Ancillary Services procured within a Sub-Region count toward satisfying the Ancillary Service requirements for the System Region or the Expanded System Region.

* * * * *

8.3.4 Certification and Testing Requirements

The owner of and Scheduling Coordinator for each resource for which a Bid to provide Ancillary Services or Submission to Self-Provide Ancillary Services is allowed under the CAISO Tariff, and all other System

Resources that are allowed to submit a Bid to provide Ancillary Services under this CAISO Tariff, must comply with the CAISO's certification and testing requirements as contained in Appendix K and the CAISO's Operating Procedures. Each resource used to bid Regulation or used to self-provide Regulation must have been certified and tested by the CAISO using the process defined in Part A of Appendix K. Each Dynamic System Resource offering Regulation must comply with the Dynamic Scheduling Protocol in Appendix M. Each resource used to bid Spinning Reserve or used to self-provide Spinning Reserve must have been certified and tested by the CAISO using the process defined in Part B of Appendix K. Each resource used to bid Non-Spinning Reserve or used to self-provide Non-Spinning Reserve must have been certified and tested by the CAISO using the process defined in Part C of Appendix K. CAISO certification to provide Ancillary Services may be revoked by the CAISO under the provisions of this CAISO Tariff, including Appendix K.

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8.10.8.4 Rescission of Ancillary Service Capacity Payments for Non-Generator Resources

For Non-Generator Resources, payment for Ancillary Service capacity will be rescinded, in accordance with the provisions of Section 11.10.9, to the extent the resource is unable as a result of its MWh constraint to generate Energy or consume Energy continuously to support its self-provision or award of Ancillary Services.

8.10.8.5 [NOT USED]

8.10.8.6 Rescission of Payments for Regulation Up and Regulation Down Capacity

Payment for Regulation Up and Regulation Down capacity will be rescinded, in accordance with the provisions of Section 11.10.9, if the resource providing Regulation Up and Regulation Down capacity: (i) is off Regulation or off Automatic Generation Control, (ii) is not running, (iii) is not providing sufficient Regulating Range, (iv) is generating outside the Regulating Range, (v) has a Regulating Range that overlaps with its Forbidden Operating Regions, or (vi) has telemetry equipment that is not available. In addition to these criteria, payment for Regulation Up and Regulation Down capacity to Non-Generator Resources will be rescinded, in accordance with the provisions of Section 11.10.9, to the extent the

resource is unable as a result of its MWh constraint to generate Energy (or curtail Energy consumption) continuously to support its self-provision or award of Regulation Up or unable as a result of its MWh constraint to consume Energy (or increase Energy consumption) continuously to support its self-provision or award of Regulation Down, whether or not the resources use Regulation Energy Management.

8.10.8.7 Rescission of Payments for Resource and Transmission Constraints

If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity is not available during the RTM as a result of a resource constraint, then payments for that capacity will be rescinded in accordance with Section 11.10 or, in the case of Self-Provided Ancillary Services capacity, that capacity will not be compensated at the user rate as described in Sections 11.10.2, 11.10.3 and 11.10.4.

If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity is not available during the RTM as a result of a Transmission Constraint, then payments for that capacity will not be rescinded, except as provided in section 11.10.9.1 for System Resources or, in the case of Self-Provided Ancillary Services capacity, that capacity will continue to be compensated at the user rate as described in Sections 11.10.2, 11.10.3 and 11.10.4.

For purposes of applying this Section to Dynamic Resources or Pseudo-Tie resources, the CAISO shall treat a reduction in the Total Transfer Capability at an Intertie between the Day-Ahead Market and RTM that is registered in the CAISO's outage management system pursuant to Section 9 as a Transmission Constraint. For all other constraints that cause the CAISO to determine that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity from Dynamic Resource or Pseudo-Tie resources is not available, the CAISO shall treat these constraints as resource constraints.

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10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in

the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within eight (8) Business Days from the Trading Day (T+8B) and will be used in the Recalculation Settlement Statement T+12B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at midnight on the eighth (8) Business Day after the Trading Day (T+8B) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the Recalculation Settlement Statement T+12B calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-eight (48) Business Days from the Trading Day (T+48C) and will be used in the Recalculation Settlement Statement T+55B calculation.

* * * * *

10.3.2.2 Format for Data Submission

Scheduling Coordinators shall submit Settlement Quality Meter Data to the Settlement Quality Meter Data System for the Scheduling Coordinator Metered Entities they represent using one of the CAISO's approved Meter Data Exchange Formats. Subject to any exemption granted by the CAISO, Scheduling Coordinators must ensure that Settlement Quality Meter Data submitted to the CAISO is in intervals of five (5) minutes for EIM Interties, Loads providing Ancillary Services, and Generators providing Ancillary Services. Scheduling Coordinators for EIM Participating Resources or for Generators not providing

Ancillary Services may elect to submit Meter Data in 5-minute or 15-minute intervals. Scheduling Coordinators for all other Scheduling Coordinator Metered Entities may elect to submit Meter Data in 5-minute, 15-minutes, or 60-minute intervals. Elections will be recorded by the CAISO, and may not be deviated from or revised except by application. The elected interval may not be a granularity lower than what may be programmed on the Scheduling Coordinator Metered Entity's physical meter(s) or as specified in the applicable Business Practice Manual.

Each Scheduling Coordinator shall submit Settlement Quality Meter Data in kWh or MWh values for all of the Scheduling Coordinator Metered Entities for which it is responsible, aggregated by the applicable market or resource level. Scheduling Coordinators are not required to submit values in the absence of Supply, Demand, or other participation in the CAISO Markets.

* * * * *

10.3.6.5 Submission of Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for Reliability Demand Response Resources that Provide Demand Response Services in Real-Time

Each Scheduling Coordinator for a Demand Response Provider representing a Reliability Demand Response Resource that provides Demand Response Services only in Real-Time shall submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Reliability Demand Response Resource by midnight of the eighth Business Day after the Trading Day (T+8B) on which the Demand Response Services were provided, including Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for a Demand Response Event and for the forty-five (45) calendar days preceding the Trading Day for use in the CAISO's calculation of the Customer Load Baseline pursuant to Section 4.13.4.

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10.3.7.1 SQMD Plan

For Scheduling Coordinator Metered Entities that were not participating as such before April 10, 2017, or that repower, modify their Meter Data interval, or add generating capacity after April 10, 2017, the Scheduling Coordinators must submit an SQMD Plan to ensure that the Scheduling Coordinator will submit and maintain the integrity of Meter Data submitted to the CAISO for that Scheduling Coordinator Metered Entity. The SQMD Plan will describe how the Scheduling Coordinator will collect, maintain, aggregate, and submit Settlement Quality Meter Data in accordance with CAISO Tariff and, where applicable, Local Regulatory Authority metering and settlement standards. SQMD Plans will include detailed descriptions of the following, as applicable, for each Scheduling Coordinator Metered Entity or Scheduling Coordinator Metered Entity aggregation or calculation:

- (1) The type, programming, and configuration of all associated metering devices;
- (2) How the Scheduling Coordinator or its agent will collect, validate, aggregate, and submit associated Meter Data;
- (3) Single-line diagrams with professional engineer stamps (or equivalent) depicting the physical elements and relationships among the metering device(s);
- (4) Any calculation or algorithm to derive Settlement Quality Meter Data from the metering device(s);
- (5) Processes for aggregating individual Scheduling Coordinator Metered Entities and/or Resource IDs; and
- (6) Plans and schedules to perform regular tests of the metering devices and audit the associated Meter Data pursuant to CAISO Tariff requirements.

Proxy Demand Resources and Reliability Demand Response Resources may satisfy this requirement through the demand response registration process.

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10.3.7.5 Annual Affirmation

In addition to the auditing and testing requirements contained in its SQMD Plan, on an annual basis the Scheduling Coordinator Metered Entity must perform a self-assessment and affirm to the CAISO, in writing, that it has implemented and continues to comply with its SQMD Plan. Where the Scheduling Coordinator Metered Entity performs a self-assessment and determines that it will not be able to affirm its compliance to the CAISO, the Scheduling Coordinator Metered Entity will describe the issue to the CAISO and its plan to remedy the issue. The associated Scheduling Coordinator may continue to submit Meter Data for settlement while the CAISO reviews the plan to remedy the issue. Proxy Demand Resources and Reliability Demand Response Resources that have satisfied the SQMD Plan requirement through the demand response registration process are not required to submit an annual affirmation.

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11.5.2.2 Hourly Real-Time Demand Settlement

The Default LAP Hourly Real-Time Price will apply to CAISO Demand and MSS Demand under net Settlement of imbalance energy, except for CAISO Demand not settled at the Default LAP as provided in Section 30.5.3.2, and per the methodology as may be further defined in the Business Practice Manuals. For each Settlement Interval, the differences between the Day-Ahead Scheduled CAISO Demand and Metered Demand (MWh) is settled at the Default LAP Hourly Real-Time Price or the Custom LAP Hourly Real-Time Price, as appropriate. For each Default LAP, the CAISO calculates the applicable Default LAP Hourly Real-Time Price as the weighted average LMP of the four Default LAP FMM LMPs and the twelve (12) five-minute Default LAP RTD LMPs. The CAISO calculates the weighted average LMP for each Default LAP as the summation of the weighted average SMEC, the weighted average MCC, and the weighted average MCL for that Default LAP. The CAISO calculates the weighted average SMEC, MCC, and MCL for each applicable Trading Hour based on the four applicable Default LAP FMM SMECs, MCCs, and MCLs, respectively, and the twelve (12) applicable Default LAP RTD SMECs, MCCs, and MCLs, respectively. For each Custom LAP, the CAISO calculates the applicable Custom LAP Hourly Real-Time Price as the weighted average LMP of the four Custom LAP FMM LMPs and the twelve (12)

five-minute Custom LAP RTD LMPs. The CAISO calculates the weighted average LMP for each Custom LAP as the summation of the weighted average SMEC, the weighted average MCC, and the weighted average MCL for that Custom LAP. The CAISO calculates the weighted average SMEC, MCC, and MCL for each applicable Trading Hour based on the four applicable Custom LAP FMM SMECs, MCCs, and MCLs, respectively, and the twelve (12) applicable Custom LAP RTD SMECs, MCCs, and MCLs, respectively. In calculating the weighted average SMEC, MCC, and MCL for each hour for either the Default LAPs or Custom LAPs, the CAISO determines the weights based on the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM multiplied by the relevant FMM LMP at the applicable LAP plus the difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD multiplied by the relevant RTD LMP at the applicable LAP divided by the sum of the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM plus the difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD. Furthermore, the Default LAP Hourly Real-Time Prices and the Custom LAP Hourly Real-Time Prices will be bounded by the maximum and the lowest LMP and its components, for the applicable Trading Hour from those relevant intervals at the relevant LAP. If the calculated price exceeds the upper boundary or is below the lower boundary, then the Default LAP Hourly Real-Time Price or the Custom LAP Hourly Real-Time Price, as appropriate, instead will be calculated based on a weighted average price with the weightings based on gross deviations (absolute value of each deviation).

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11.5.7 Congestion Credit and Marginal Cost of Losses Credit

11.5.7.1 RTM Congestion Credit for ETCs and TORs

The CAISO shall not apply charges or payments to Scheduling Coordinators related to the MCC associated with all Points of Receipt and Points of Delivery pairs associated with valid and balanced ETC Self-Schedules or TOR Self-Schedules after the Day-Ahead Market. The balanced portion for each ETC

or TOR contract for each Settlement Interval will be based on the difference between: (1) the minimum of (a) the total Demand, (b) the total ETC or TOR Supply Self-Schedule submitted in RTM, including changes after twenty (20) minutes before the applicable Trading Hour if such change is permitted by the Existing Contract, or (c) the Existing Contract maximum capacity as specified in the TRTC Instructions; and (2) the valid and balanced portion of the Day-Ahead Schedule. In determining the balanced portions, the CAISO evaluates the amounts based on the following variables: (a) for exports and imports, the CAISO shall use the schedule quantity specified in the Interchange schedule used for check out between CAISO and other Balancing Authority Areas; (b) for CAISO Demand, the CAISO shall use the metered CAISO Demand associated with the applicable ETC or TOR; and (c) for all Generation the CAISO shall use the quantity specified in the Dispatch Instructions. For each Scheduling Coordinator, the CAISO shall determine for each Settlement Interval the applicable RTM Congestion Credit for FMM Instructed Imbalance Energy or RTD Instructed Imbalance Energy, which can be positive or negative, as the sum of the product of the relevant MWh quantity and the applicable weighted average MCC at each Point of Receipt and Point of Delivery associated with the valid and balanced portions of that Scheduling Coordinator's ETC or TOR Self-Schedules. The weights in the two markets will be based on the absolute values of the (a) deviation of the FMM Schedule or the CAISO Forecast of CAISO Demand used in the FMM from Day-Ahead Schedules and (b) deviation of the RTD schedule or the CAISO Forecast of CAISO Demand used in the RTD from Day-Ahead Schedules.

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12.1 Credit and Minimum Participation Requirements

- (a) The creditworthiness and minimum participation requirements in this section apply to the CAISO's acceptance of any transaction in a CAISO Market, to the payment of charges pursuant to the CAISO Tariff (including the Grid Management Charge), and to establish credit limits for participation in any CAISO auction of CRRs and to CRR Holders for the holding of CRRs. Each Market Participant that has a direct financial relationship with the CAISO (including each Scheduling Coordinator, UDC, MSS, CRR Holder, or Candidate

CRR Holder) shall secure its financial transactions with the CAISO (including its participation in any auction of CRRs and for the holding of CRRs) by maintaining an Unsecured Credit Limit and/or by posting Financial Security, the level of which constitutes the Market Participant's Financial Security Amount. For each Market Participant, the sum of its Unsecured Credit Limit and its Financial Security Amount shall represent its Aggregate Credit Limit. Each Market Participant shall have the responsibility to maintain an Aggregate Credit Limit that is at least equal to its Estimated Aggregate Liability.

(b) In order to participate in the CAISO Markets, each prospective Market Participant or existing Market Participant with a direct financial relationship with the CAISO must satisfy all of the following minimum participation requirements:

(i) Provide the CAISO annually, as detailed in the Business Practice Manual, a certified statement executed by an officer of the prospective or existing Market Participant certifying that the prospective or existing Market Participant has met the following criteria and relevant requirements consistent with these criteria set forth in the Business Practice Manual:

- (1) Has undergone training commensurate and proportional in sophistication, scope, and frequency to the volume of transactions and the nature and extent of the risk taken by the prospective or existing Market Participant, including but not limited to any applicable CAISO training requirements as specified in Sections 4.5.1.1.10.1 and 36.5.2;
- (2) Has and maintains written policies, procedures, and controls approved by the appropriate officer or corporate authority of the prospective or existing Market Participant's governing body which provide an appropriate, comprehensive risk management framework that, at a minimum, clearly identifies and documents the range of risks to which the prospective or existing Market Participant is exposed, including, but not limited to, legal risk, credit risk, liquidity risk, risk of loss of financial security amounts held and invested by the CAISO, investment risk,

concentration risk, default risk, operation risk, market risk, and business risk;

- (3) To the extent the Market Participant engages in the CRR market, the Market Participant must demonstrate that it has policies in place that are consistent with generally accepted industry risk management standards;
 - (4) Has appropriate personnel resources, operating procedures and technical abilities to promptly and effectively respond to all CAISO communications and directions, including, but not limited to, the CAISO's issuance of invoices and collateral requests to the prospective or existing Market Participant; and
 - (5) Satisfies the requirements of Section 12.1(b)(iv).
- (ii) Provide annually for CAISO review and verification, as detailed in the Business Practice Manual, the risk management policies, procedures, and controls applicable to the CRR trading activities of the prospective or existing Market Participant, if the prospective or existing Market Participant has a CRR portfolio that meets the applicable risk criterion set forth in the Business Practice Manual.
- (iii) Satisfy the following capitalization requirements:
- (1) Pursuant to Sections 12.1 and 12.1.1, the prospective or existing Market Participant or its guarantor must have at least \$1 million in Tangible Net Worth or \$10 million in total assets, or post Financial Security using one or more of the forms specified in Section 12.2 in the amounts set forth below. In the event the prospective or existing Market Participant must post Financial Security, that financial security will not be added to Market Participant's Aggregate Credit Limit and, therefore, cannot be used to meet Market Participant's minimum credit requirements to participate in a Congestion Revenue Rights auction or to offset any market obligations as reflected in Market Participant's Estimated Aggregate Liability. However, all Financial Security in any form may be used to satisfy any

financial obligation of the Market Participant.

- (2) \$500,000 for a prospective or existing Market Participant with fewer than six (6) months of CAISO Market activity; \$100,000 for an existing Market Participant with six (6) months or more of CAISO Market activity and whose highest Estimated Aggregate Liability for the preceding six (6) months is less than or equal to \$100,000; or \$500,000 for an existing Market Participant with six (6) months or more of market activity and whose highest Estimated Aggregate Liability for the preceding six (6) months is greater than \$100,000.
- (3) The CAISO will review whether the prospective or existing Market Participant continues to satisfy the capitalization requirements set forth in Section 12.1(iii)(a). The CAISO will conduct such a review every six (6) months, when new financial statements are posted for the prospective or existing Market Participant, or when an increase in CAISO Market activity causes the Market Participant's Estimate Agreement Liability to exceed \$100,000.
- (iv) At all times satisfy the requirements to be one or more of the following:
 - (1) An "appropriate person" as defined in sections 4(c)(3)(A) through (J) of the Commodity Exchange Act;
 - (2) An "eligible contract participant," as defined in section 1a(18)(A) of the Commodity Exchange Act and in 17 CFR 1.3(m); or
 - (3) In the business of generating, transmitting, or distributing electric energy as defined in the Final Order of the Commodity Futures Trading Commission at 78 Fed. Reg. 19879.

As an alternative to satisfying (1), (2) or (3), a Market Participant that participates as a Scheduling Coordinator only, and not as a CRR Holder, Candidate CRR Holder or a Convergence Bidding Entity, satisfies this Section 12.1(b)(iv) if it is in the business of providing electric energy services that are necessary to support

the reliable operation of the transmission system, as defined in the Final Order of the Commodity Futures Trading Commission at 78 Fed. Reg. 19879.

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12.4.1 Resolution of a CAISO Request for Additional Security Amount

A Market Participant has two (2) Business Days to resolve a CAISO request for additional Financial Security. Within the two (2) Business Days, the Market Participant must either demonstrate to the CAISO's satisfaction that the CAISO's Financial Security request is entirely or partially unnecessary, or post the required Financial Security Amount calculated by the CAISO. If the CAISO and the Market Participant are unable to agree on the appropriate level of Financial Security during the two (2) Business Day review period, the Market Participant must post the additional Financial Security and may continue with the dispute process described in Section 12.4.2. Any excess Financial Security Amounts will be returned to the Market Participant if the dispute process finds in favor of the Market Participant.

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12.6.2 Credit Requirements for CRR Auctions

12.6.2.1 Credit Requirements Applicable to an Entity Other than a Federal Agency

To establish available credit for participating in any CRR Auction, each CRR Holder or Candidate CRR Holder that is not a federal agency must satisfy the credit requirements set forth in Section 12.1 and provide Financial Security using one or more of the forms identified in Section 12.2 to secure the right to participate in the CAISO's CRR Auctions as set forth below. In order to participate in an annual CRR Auction, the CRR Holder or Candidate CRR Holder must have Financial Security using one or more of the forms identified in Section 12.2 in an amount that is the greater of \$500,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the

annual CRR Auction. In order to participate in a monthly CRR Auction, the CRR Holder or Candidate CRR Holder must have Financial Security using one or more of the forms identified in Section 12.2 in an amount that is the greater of \$100,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the monthly CRR Auction. The maximum credit exposure of a positively valued CRR bid is the maximum value of the CRR Holder's or Candidate CRR Holder's bid quantity (MW) multiplied by the sum of the bid price corresponding to the bid quantity and the Credit Margin of the CRR within the range of the minimum and maximum bid quantities submitted by the CRR Holder or Candidate CRR Holder. The maximum credit exposure of a negatively valued CRR bid is the maximum bid quantity (MW) submitted by the CRR Holder or Candidate CRR Holder multiplied by the Credit Margin of the CRR.

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12.6.3 Credit Requirements for the Holding of CRRs

12.6.3.1 Credit Requirements Generally

- (a) Each CRR Holder that is not a federal agency, whether it obtains CRRs through a CRR Allocation or a CRR Auction, must maintain Financial Security utilizing one or more of the forms specified in Section 12.2 that meets or exceeds the credit requirement of the CRR portfolio determined as described in this Section 12.6.3. Each CRR Holder that is a federal agency, whether it obtains CRRs through a CRR Allocation or a CRR Auction, must provide to the CAISO a letter, executed by an officer of the CRR Holder, that satisfies all of the following requirements: (1) attests that the federal agency is lawfully authorized to obtain the CRRs and that any debt the federal agency incurs due to holding the CRRs is a debt of the United States; (2) identifies the current year's appropriations for the federal agency from the United States Congress; and (3) verifies that the amount of the current year's appropriations for the federal agency from the United States Congress meets or exceeds the credit requirement for the CRR portfolio determined as described in this Section 12.6.3. The provision of such an executed letter to the CAISO shall

constitute sufficient Financial Security for the federal agency to hold the CRRs.

- (b) Each CRR Holder shall be required to ensure that its Financial Security is sufficient to satisfy the credit requirements described in this Section 12.6.3. Except as provided in this paragraph, CRRs are evaluated on a portfolio basis as follows. If a CRR Holder owns more than one (1) CRR, such CRR Holder shall be subject to an overall credit requirement that is equal to the sum of the individual credit requirements applicable to each of the CRRs held by such CRR Holder , which is calculated after the MW associated with any Offsetting CRRs are netted out. If this sum is positive, the amount will be added to the CRR Holder's Estimated Aggregate Liability. However, if the sum is negative, the CRR Holder's Estimated Aggregate Liability shall not be reduced. If a CRR Holder holds one (1) or more CRRs obtained through a CRR Allocation and also holds one (1) or more CRRs obtained through a CRR Auction, the individual credit requirements applicable to any of the CRRs obtained through a CRR Allocation may not be netted against the individual credit requirements applicable to any of the CRRs obtained through a CRR Auction in determining such CRR Holder's Estimated Aggregate Liability.
- (c) The CAISO shall reevaluate the credit requirements for holding CRRs, and shall adjust the credit requirements accordingly, not less than monthly. The CAISO may adjust the credit requirements for holding CRRs with terms of one (1) year or less at the CAISO's discretion to account for changes in the monthly auction prices for CRRs and changes in the Historical Expected Values for CRRs, or more frequently than monthly if necessary if the CAISO finds that actual or anticipated market conditions indicate that CRR credit requirements may be inadequate to cover the financial risk of the CRRs. The CAISO may also adjust the credit requirements for holding Long Term CRRs annually to reflect the changes in auction prices of one-year CRRs in annual auctions and changes in the Historical Expected Values for CRRs, and to reflect updates to Credit Margins based on actual Locational Marginal Price data derived from market operations. Whenever the CAISO requests additional Financial Security from a Market Participant as a result of a

change in CRR value that is not related to an adjustment due to the monthly CRR Auction Price or an adjustment related to Historical Expected Value, the CAISO will provide a written explanation of the reason for that request. Any additional Financial Security must be in one or more of the forms specified in Section 12.2.

- (d) In cases where the ownership of a CRR is to be transferred through the Secondary Registration System, the CAISO shall evaluate and adjust the credit requirements for both the current owner of the CRR and the prospective owner of the CRR as appropriate prior to the transfer. If additional Financial Security is required from either the current or prospective owner, the transfer will not be completed until such Financial Security has been provided to and accepted by the CAISO. CRRs transferred through the Secondary Registration System will be treated like auctioned CRRs for the purpose of calculating the credit requirements for holding the CRRs, regardless of whether the CRRs were originally allocated or purchased at auction or acquired through the Secondary Registration System. CRRs assigned to Load-gaining or Load-losing Load Serving Entities as a result of Load Migration will be treated like allocated CRRs for the purpose of calculating the credit requirements for holding the CRRs. Any additional Financial Security must be in one or more of the forms specified in Section 12..

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12.6.3.4 Calculation of Credit Margin

The Credit Margin (\$/MW) for a CRR is equal to (i) the Expected Congestion Revenue minus (ii) the Fifth Percentile Congestion Revenue of such CRR. Both values will be based on the probability distribution of Congestion revenue of such CRR calculated using historical Locational Marginal Price data, when available, and proxy values, including data taken from Locational Marginal Price studies conducted by the CAISO, until such time as historical Locational Marginal Price data is available, with the details of such calculation published in a Business Practice Manual. The CAISO may reassess its determinations regarding the Credit Margin determination at any time and shall require additional Financial Security if the

reassessment results in an increase in a CRR Holder's CRR credit requirements that are not covered by the CRR Holder's Financial Security. Any additional Financial Security must be in one or more of the forms specified in Section 12.2.

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13.1.4 Disputes Arising Under Section 11

In the case of a dispute of a Settlement Statement under section 11.29.8.4.2, 11.29.8.4.4, 11.29.8.4.5, 11.29.8.4.6, or 11.29.8.4.8, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must initiate any good faith negotiation or other dispute resolution remedy under this Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under such section.

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17.3.4 Notification to SCs of CAISO Determination

After performing validation of the TOR Self-Schedule, and prior to taking any action pursuant to 17.3, the CAISO will make an automated validation notice available to the Scheduling Coordinator indicating whether the TOR Self-Schedule is valid or invalid. If a TOR Self-Schedule involves more than one Scheduling Coordinator, the complete validation of the chain of TOR Self-Schedules will occur when the last Scheduling Coordinator submits its TOR Self-Schedule. At that time, the CAISO will make an automated validation notice available to each Scheduling Coordinator registered as associated with the chain of TOR Self-Schedules. The CAISO can accommodate corrections submitted by a Scheduling Coordinator to a TOR Self-Schedule up to Market Close of the Day-Ahead Market as further described in the applicable Business Practice Manual.

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20.2 Confidential Information

The following information provided to the CAISO shall be treated by the CAISO as confidential:

- (a) individual Bids;
- (b) CRR bids and other CRR Allocation nomination information;
- (c) transactions between Scheduling Coordinators, including Inter-SC Trades;
- (d) individual Generator Outage programs unless a Generator makes a change to its Generator Outage program which causes Congestion in the short term (i.e. one month or less), in which case, the CAISO may publish the identity of that Generator; and
- (e) The following information related to the resource adequacy program in accordance with Section 40:
 - (i) Annual and monthly Resource Adequacy Plans and Supply Plans;
 - (ii) Demand Forecasts; and
 - (iii) Information on existing import contracts.
- (f) The following information related to the Transmission Planning Process in accordance with Section 24:
 - (i) Information received under Section 24.8 to the extent such information has been designated as confidential in accordance with the Business Practice Manual;
 - (ii) Information deemed confidential by DMM, per Section 8.6 of Appendix P;
 - (iii) Information received by the CAISO pursuant to agreements and contracts, executed prior to December 21, 2007, that preclude the release of the information;
 - (iv) Information that involves proprietary analytical tools, computer codes, or any other material that is protected by intellectual property rights held by the CAISO, Project Sponsor, Market Participant or other third-party; and
 - (v) Critical Energy Infrastructure Information.

However, composite documents, data, and other information that may be developed based on confidential information under this Section shall not be deemed confidential if the composite documents, data, and other information do not disclose any confidential information of any individual Scheduling

Coordinator, Market Participant, or other third-party or Critical Energy Infrastructure Information.

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24.5.1 Competitive Solicitation Process

According to the schedule set forth in the Business Practice Manual, in the month following the CAISO Governing Board's approval of the comprehensive Transmission Plan, the CAISO will initiate a period of at least ten (10) weeks that will provide an opportunity for Project Sponsors to submit specific proposals to finance, own, and construct the Regional Transmission Facilities subject to competitive solicitation identified in the comprehensive Transmission Plan. If the transmission solution adopted in Phase 2 involves an upgrade or improvement to, addition on, or a replacement of a part of an existing Participating TO facility, the Participating TO will construct and own such upgrade, improvement, addition or replacement facilities unless a Project Sponsor and the Participating TO agree to a different arrangement. For Regional Transmission Facilities with capital costs of \$50 million or less that were approved by CAISO management before Governing Board approval of the comprehensive Transmission Plan, the ten week period will be initiated following management approval of the facility, and the Project Sponsor selection process may follow an accelerated schedule described in the Business Practice Manual. Such proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to: (1) enable the CAISO to determine whether the Project Sponsor meets the qualification criteria specified in section 24.5.3.1; (2) enable the CAISO to determine whether a Project Sponsor's proposal meets the proposal qualification criteria in section 24.5.3.2; and (3) enable the CAISO, if there are multiple qualified Project Sponsors bidding on the same Regional Transmission Facility, to conduct a comparative analysis of the proposals and Project Sponsors and select an Approved Project Sponsor as described in section 24.5.3.5. The project proposal will identify the authorized governmental body from which the Project Sponsor will seek siting approval for the project. Within 30 days after the CAISO posts the draft comprehensive Transmission Plan to its website, for each Regional Transmission Facility identified in the comprehensive Transmission Plan that is subject to competitive solicitation, the CAISO will post, for informational purposes only, those existing qualification

criteria and selection factors, in addition to any binding cost containment commitments, which the CAISO believes are key for purposes of selecting an Approved Project Sponsor for the particular transmission solution, consistent with the comparative analysis described in section 24.5.4 and the project sponsor qualification and selection criteria specified in sections 24.5.3.1 and 24.5.4, respectively. The posting of such key criteria is solely intended to provide information to Project Sponsors to assist them in the preparation of their applications and to highlight specific topics to which particular attention should be paid in the application given their importance in connection with a particular Regional Transmission Facility. The posting of the key selection criteria is not a replacement or substitute for the qualification and selection criteria set forth in sections 24.5.3.1 and 24.5.4, and in its comparative analysis conducted in accordance with section 24.5.4, the CAISO is required to comparatively assess all of the qualification and selection criteria, not just those listed as key selection criteria. In its posting of the key selection criteria, the CAISO cannot add new or different criteria than those already specified in sections 24.5.3.1 and 24.5.4. To determine the key criteria for each transmission solution subject to competitive solicitation, the ISO will consider: (1) the nature, scope and urgency of the need for the transmission solution; (2) expected severity of siting or permitting challenges; (3) the size of the transmission solution, potential financial risk associated with the transmission solution, expected capital cost magnitude, cost overrun likelihood and the ability of the Project Sponsor to contain costs; (4) the degree of permitting, rights-of-way, construction, operation and maintenance difficulty; (5) risks associated with the construction, operation and maintenance of the transmission solution ; (6) technical and engineering design difficulty or whether specific expertise in design or construction is required; (7) special circumstances or difficulty associated with topography, terrain or configuration; (8) specific facility technologies or materials associated with the transmission solution; (9) binding cost containment measures, including cost caps; (10) abandonment risk; and (11) whether the overall cost of the transmission solution impacts the CAISO's prior determination of, and inclusion in, the comprehensive Transmission Plan of the more efficient or cost effective solution during Phase 2 of the transmission planning process.

The posting of the key selection criteria shall not undermine the CAISO's prior determination in Phase 2 of the transmission planning process of the more efficient or cost-effective transmission solution to be reflected in the comprehensive Transmission Plan, nor shall the posting of the key criteria replace or be

inconsistent with the CAISO's obligation under section 24.5.4 to undertake a comparative analysis of each Project Sponsor with respect to each Project Sponsor qualification and selection criterion. If the CAISO determines in Phase 2 of the transmission planning process that more than one transmission solution could constitute the more efficient or cost-effective solution to meet a specific identified need depending on the outcome of the competitive solicitation, the CAISO shall have the authority to identify more than one potential transmission solution in the comprehensive Transmission Plan. Under those circumstances, based on the outcome of the competitive solicitation, the CAISO will make the final determination of which alternative transmission solution identified in the Board-approved comprehensive Transmission Plan constitutes the more efficient or cost-effective transmission solution to be selected for construction.

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24.14 Cost Responsibility for Transmission Additions or Upgrades

Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24 shall be determined as follows:

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25.1.2 Affidavit Requirement

If the owner of a Generating Unit described in Section 25.1(d) or (e), or its designee, represents that the total generating capability and electrical characteristics of the Generating Unit will be substantially unchanged, then that entity must submit an affidavit to the CAISO and the applicable Participating TO representing that the total generating capability and electrical characteristics of the Generating Unit have remained substantially unchanged. However, if there is any change to the total generating capability and electrical characteristics of the Generating Unit, the affidavit shall include supporting information describing any such changes and a \$50,000 deposit for the study. The CAISO, in coordination with the applicable Participating TO, will evaluate whether the total generating capability or electrical

characteristics of the Generating Unit have substantially changed or will substantially change. The CAISO may engage the services of the applicable Participating TO in conducting such verification activities. Costs incurred by the CAISO and Participating TO (if any) shall be borne by the party making the request under Section 25.1.2, and such costs shall be included in a CAISO invoice for verification activities.

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26.1.4.3 Disbursement of Wheeling Revenues

The CAISO shall collect and pay to Participating TOs and other entities as provided in Section 24.14.3 all Wheeling revenues at the same time as other CAISO charges and payments are settled. For Wheeling revenues associated with CRRs allocated to Load Serving Entities outside the CAISO Balancing Authority Area, the CAISO shall pay to the Participating TOs and other entities as provided in Section 24.10.3 any excess prepayment amounts within thirty (30) days of the end of the term of the CRR Allocation. The CAISO shall provide to the applicable Participating TO and other entities as provided in Section 24.14.3 a statement of the aggregate amount of Energy delivered to each Scheduling Coordinator using such Participating TO's Scheduling Point to allow for calculation of Wheeling revenue and auditing of disbursements. Wheeling revenues shall be disbursed by the CAISO based on the following:

26.1.4.3.1 Scheduling Point with All Participating TOs in the Same TAC Area

With respect to revenues received for the payment of Regional Wheeling Access Charges for Wheeling to a Scheduling Point at which all of the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in the same TAC Area, Wheeling revenues shall be disbursed to each such Participating TO based on the ratio of each Participating TO's Regional Transmission Revenue Requirement to the sum of all such Participating TOs' Regional Transmission Revenue Requirements. If the Scheduling Point is located at a Local Transmission Facility, revenues received with respect to Local Wheeling Access Charges for Wheeling to that Scheduling Point shall be disbursed to the Participating TOs that own facilities and Entitlements making up the Scheduling Point in proportion to their Local Transmission Revenue Requirements. Additionally, if a Participating TO has a transmission upgrade or

addition that was funded by a Project Sponsor, the Wheeling revenue allocated to such Participating TO shall be disbursed as provided in Section 24.14.3.

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27.4.1 Security Constrained Unit Commitment

The CAISO uses SCUC to run the MPM process associated with the DAM and the RTM. SCUC is conducted over multiple varying intervals to commit and schedule resources as follows: (1) in the Day-Ahead time frame, to meet Demand reflected in Bids submitted in the Day-Ahead Market and considered in the MPM process and IFM, and to procure AS in the IFM; (2) to meet the CAISO Forecast of CAISO Demand in the RUC, HASP, STUC and FMM, and in the MPM process utilized in the HASP and RTM; and (3) to procure any incremental AS in the RTM, and (4) to procure Flexible Ramping Product in the RTM. In the Day-Ahead MPM, IFM and RUC processes, the SCUC commits resources over the twenty-four (24) hourly intervals of the next Trading Day. In the FMM, which runs every fifteen (15) minutes and commits resources for the RTM, the SCUC optimizes over a number of 15-minute intervals corresponding to the Trading Hours for which the Real-Time Markets have closed. The Trading Hours for which the Real-Time Markets have closed consist of (a) the Trading Hour in which the applicable run is conducted and (b) all the fifteen-minute intervals of the entire subsequent Trading Hour. In the HASP, which runs once per hour, the SCUC: (1) accepts and awards HASP Block Intertie Schedules for Energy and Ancillary Services, respectively; (2) provides HASP Advisory Schedules to Economic Hourly Block Bids with Intra-Hour Option that will change for economic reasons at most once in the Trading Hour; and (3) provides HASP Advisory Schedules to all other participants in the RTM. In the STUC, which runs once an hour, the SCUC commits resources over the last fifteen (15) minutes of the imminent Trading Hour and the entire next four Trading Hours. The CAISO will commit Extremely Long Start Resources, for which commitment in the DAM does not provide sufficient time to Start-Up and be available to supply Energy during the next Trading Day as provided in Section 31.7.

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30.5.2 Supply Bids

30.5.2.1 Common Elements for Supply Bids

In addition to the resource-specific Bid requirements of this Section, all Supply Bids must contain the following components: Scheduling Coordinator ID Code; Resource Location or Resource ID, as appropriate; MSG Configuration ID, as applicable; PNode or Aggregated Pricing Node as applicable; Energy Bid Curve; Self-Schedule component; Ancillary Services Bid; RUC Availability Bid as applicable, the CAISO Market to which the Bid applies; Trading Day to which the Bid applies; Priority Type (if any), and a Transaction ID as created by the CAISO. Supply Bids offered in the CAISO Markets must be monotonically increasing. Energy Bids in the RTM must also contain a Bid for Ancillary Services to the extent the resource is certified and capable of providing Ancillary Service in the RTM up to the registered certified capacity for that Ancillary Service less any Day-Ahead Ancillary Services Awards.

Scheduling Coordinators must submit the applicable Supply Bid components, including Self-Schedules, for the submitted MSG Configuration.

Scheduling Coordinators submitting Bids for Scheduling Points must adhere to the e-Tagging requirements outlined in Section 30.5.7.

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30.7.3.4 Validation after Market Close

To the extent that a Scheduling Coordinator fails to enter a Bid for a resource that is required to submit a Bid in the full range of available capacity consistent with the bidding provisions of Section 30 or the Resource Adequacy provisions of Section 40, the CAISO will create a Bid for the Scheduling Coordinator, which is referred to as the Generated Bid. This does not apply to Load-following MSSs. The Generated Bid will be created only after the Market Close for the DAM and will be based on data registered in the Master File, and, if applicable, published natural gas pricing data and published pricing data for greenhouse gas allowances. The Generated Bid components will be calculated as set forth in Sections 30 and 40.6.8. The Scheduling Coordinator may view Generated Bids, but may not modify such Bids.

The CAISO will provide notice to the Scheduling Coordinator of the use of a Generated Bid prior to Market Clearing of the IFM. In addition, validation of export priority pursuant to Sections 31.4 and 34.12.1 and Wheeling Through transactions pursuant to Section 30.5.4 occur after the Market Close for the DAM.

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31. Day-Ahead Market

The DAM consists of the following functions performed in sequence: the MPM, IFM, and RUC. Scheduling Coordinators may submit Bids for Energy, Ancillary Services and RUC Capacity for an applicable Trading Day. The CAISO shall issue Schedules for all Supply and Demand, including Participating Load, Reliability Demand Response Resources, and Proxy Demand Resources, pursuant to their Bids as provided in this Section 31.

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34.2.1 The HASP Optimization

The Hour-Ahead Scheduling Process is a Real-Time Market process and a special run of the RTUC through which the CAISO accepts or rejects the following Bids submitted by Scheduling Coordinators at Scheduling Points: (1) Self-Schedule Hourly Blocks for Energy and Ancillary Services, (2) VER Self-Schedules for Energy, (3) Economic Hourly Block Bids for Energy and Ancillary Services, and (4) Economic Hourly Block Bids with Intra-Hour Option for Energy and providing an hourly schedule that can be changed at most once in the Trading Hour. The CAISO also produces advisory Energy schedules and Ancillary Services awards. Through the HASP, the CAISO may also issue binding unit commitment instructions for any resource participating in the RTM. After the Market Close for the RTM for the relevant Trading Hour, the RTM Bids have been validated, and the RTM Bids have been mitigated and the MPM process has been performed, the CAISO then conducts the HASP optimization. The CAISO does not accept Bids for CAISO Demand for any of the Real-Time Market processes. Therefore, CAISO clears Supply Bids against the CAISO Forecast of CAISO Demand plus submitted Export Bids, to the extent the

Export Bids are selected in the MPM process. The HASP optimization also factors in forecasted unscheduled flow at the Interties, as do all the Real-Time Market processes. The HASP optimization does not produce Settlement prices for Energy or Ancillary Services and the CAISO settles all Bids accepted through the HASP based on FMM Schedules and Awards and FMM LMPs and ASMPs.

34.2.2 Treatment of Self-Schedules in HASP

The HASP optimization does not adjust submitted Self-Schedule Hourly Blocks for Energy or Ancillary Services, or Self-Scheduled Variable Energy Resources unless it is not possible to balance Supply and the CAISO Forecast of CAISO Demand plus Export Bids and manage Congestion using the available Economic Bids, in which case the HASP performs non-economic adjustments to Self-Schedules to accommodate operational restrictions. Once accepted, Self-Schedule Hourly Blocks for Energy or Ancillary Services are considered as Self-Schedules or Self-Provision, respectively, in each of the four FMM intervals. For accepted Variable Energy Resource Self-Schedules from external resources that are not Dynamic Schedules, the CAISO uses the Self-Schedule in the HASP optimization and the Scheduling Coordinator can update the Self-Schedule based on the most current Energy forecast, if it is qualified to do so by the CAISO and the Scheduling Coordinator registers it as such in the Master File. The HASP produces advisory MWh schedules for each of the four fifteen-minute intervals for FMM Economic Bids cleared in HASP, which can vary from the MWhs schedules cleared in the FMM. The MWh quantities of Self-Schedules of Supply that clear in the HASP constitute a feasible Dispatch for the Real-Time Market at the time HASP is executed, but the HASP results do not constitute a final Schedule for Generating Units because these resources may be adjusted for reasons other than economics in the FMM or RTD, if necessary to manage Congestion and clear Supply and Demand. The submission of a change to an ETC Self-Schedule beyond the deadline specified in Section 16.9.1, that is permitted pursuant to the terms of the applicable ETC, shall not be deemed to be an unbalanced ETC Self-Schedule for the purposes of Settlement, consistent with the ETC and TOR Self-Schedule Settlement treatment described in Section 11.5.7.

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34.4 Fifteen Minute Market

The CAISO conducts the Fifteen Minute Market using the second interval of each RTUC run horizon as follows: (1) at approximately 7.5 minutes prior to the first Trading Hour, for T-45 minutes to T+60 minutes where the binding interval is T-30 to T-15; (2) at approximately 7.5 minutes into the current hour for T-30 minutes to T+60 minutes where the binding interval is T-15 to T; (3) at approximately 22.5 minutes into the current hour for T-15 minutes to T+60 minutes for the binding interval T to T+15; and (4) at approximately 37.5 minutes into the current hour for T to T+60 minutes for the binding interval T+15 to T+30, where T is the beginning of the next Trading Hour. In these intervals the CAISO conducts the FMM to (1) determine financially binding FMM Schedules and corresponding LMPs for all Pricing Nodes, including all Scheduling Points; (2) determine financially and operationally binding Ancillary Services Awards and corresponding ASMPs, procure required additional Ancillary Services and calculate ASMP used for settling procured Ancillary Service capacity for the next fifteen-minute Real-Time Ancillary Service interval for all Pricing Nodes, including Scheduling Points; (3) determine LAP LMPs that are the basis for settling Demand; and (4) determine FMM Uncertainty Awards. In any FMM interval that falls within a time period in which a Multi-Stage Generating Resource is transitioning from one MSG Configuration to another MSG Configuration, the CAISO: (1) will not award any incremental Ancillary Services; (2) will disqualify any Day-Ahead Ancillary Services Awards; (3) will disqualify Day-Ahead qualified Submissions to Self-Provide Ancillary Services Award, and (4) will disqualify Submissions to Self-Provide Ancillary Services in RTM. Each particular FMM market optimization produces binding settlement prices for Energy, Flexible Ramping Product, and Ancillary Services for the first FMM interval in the FMM horizon but the optimization considers the advisory results from subsequent market intervals within the FMM horizon. The CAISO settles Hourly Intertie Schedules and Hourly Ancillary Services Awards accepted in the HASP as FMM Schedules and FMM Ancillary Services Awards in accordance with Section 11.5 and 11.10.1.2, respectively. In the event that a FMM run fails, the CAISO reverts to Day-Ahead Market Ancillary Services Awards and RUC Schedules results corresponding to the same interval, or the corresponding interval from the previous RTUC. The FMM will clear Supply against the CAISO Forecast of CAISO Demand and exports. The FMM issues Energy Schedules and Ancillary Services Awards by twenty-two and a half minutes prior to the binding fifteen-minute interval.

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34.6 Short-Term Unit Commitment

Once per hour, near the top of each Trading Hour, immediately after the FMM and the RTUC for the same interval is completed the CAISO performs an approximately five (5) hour Short-Term Unit Commitment (STUC) run using SCUC and the CAISO Forecast of CAISO Demand to commit Medium Start Units and Short Start Units with Start-Up Times greater than the time period covered by the RTUC described in Section 34.3. In any given Trading Hour, the STUC may commit resources for the third fifteen-minute interval of the current Trading Hour and extending into the next four (4) Trading Hours. The STUC looks ahead over a period of at least three (3) hours beyond the Trading Hour for which the RTUC optimization was run. STUC will utilize: (1) Bids previously submitted in the RTM by the Scheduling Coordinator for that Trading Hour; or (2) the Clean Bid from the Day-Ahead Market if the resource has a Day-Ahead Schedule or received a Start-Up Instruction in RUC for the Trading Hour; or (3) the Generated Bid if the resource has a Real-Time must-offer obligation for that Trading Hour and has not submitted a Bid in the RTM. The CAISO revises these replicated Bids each time the hourly STUC is run, to utilize the most recently available Bids. Not all resources identified for need as a given STUC run will necessarily receive CAISO commitment instructions immediately, because during the Trading Day the CAISO may issue a commitment instruction to a resource only at the latest possible time that allows the resource to be ready to provide Energy when it is expected to be needed. A Start-Up Instruction produced by STUC is considered binding if the resource could not achieve the target Start-Up Time as determined in the current STUC run in a subsequent RTUC or STUC run as a result of the Start-Up Time of the resource. A Start-Up Instruction produced by STUC is considered advisory if it is not binding, such that the resource could achieve its target start time as determined in the current RTUC run in a subsequent STUC or RTUC run based on its Start-Up Time. A binding Dispatch Instruction produced by STUC that results in a change in Commitment Status will be issued, in accordance with Section 6.3, after review and acceptance of the Start-Up Instruction by the CAISO Operator. The STUC will only decommit a resource to the extent that resource's physical characteristics allow it to be cycled in the same approximately five (5) hour look-ahead time period for which it was previously committed. STUC does not

produce Locational Marginal Prices for Settlement. A Day-Ahead Schedule or RUC Schedule for an MSG Configuration that is later impacted by the resource's derate or outages, will be reconsidered in the STUC process taking into consideration the impacts of the derate or outage on the available MSG Configurations.

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36.4.1.3 Transmission Capacity for CRR Allocation and CRR Auction

With the exception of the Tier LT, the CAISO makes available sixty-five percent (65%) of Seasonal Available CRR Capacity for the annual CRR Allocation and CRR Auction processes, and one hundred percent (100%) of Monthly Available CRR Capacity for the monthly CRR Allocation and CRR Auction processes. The CAISO makes available sixty percent (60%) of Seasonal Available CRR Capacity in the Tier LT. Available capacity at Scheduling Points shall be determined in accordance with Section 36.8.4.2 for the purposes of CRR Allocation and CRR Auction of CRRs that have a CRR Source identified at a Scheduling Point. Before commencing with the annual or monthly CRR Allocation and CRR Auction processes, the CAISO may distribute Merchant Transmission CRRs and will model those as fixed injections and withdrawals on the DC FNM to be used in the allocation and auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test. Similarly, before commencing the annual or monthly CRR Allocation and CRR Auction processes, the CAISO will model any previously allocated Long Term CRRs as fixed injections and withdrawals on the DC FNM to be used in the CRR Allocation and CRR Auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test, which will ensure no degradation of previously allocated and outstanding Long Term CRRs due to the CRR Allocation and CRR Auction processes. Maintaining the feasibility of allocated Long Term CRRs over the length of their terms also is accomplished through the transmission planning process in Section 24.

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37.11.1 Inaccurate or Late Actual SQMD Penalty

There is no Sanction for the submission of inaccurate or late Actual Settlement Quality Meter Data used for a Recalculation Settlement Statement T+ 12B. However, failure by a Scheduling Coordinator, under a specific SCID, to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) for one or more scheduled Resource IDs for a given Trading Day is late Actual Settlement Quality Meter Data and constitutes a Rule of Conduct violation. The Sanction is \$1,000 and the Scheduling Coordinator is required to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.4 for Recalculation Settlement Statement T+9M. Where a Scheduling Coordinator fails to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by T+48B for one or more scheduled Resource IDs for a given Trading Day and that Scheduling Coordinator also fails to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.4 for Recalculation Settlement Statement T+9M, then the Scheduling Coordinator shall also be levied a Sanction of \$3,000. The submission by a Scheduling Coordinator of Actual Settlement Quality Meter Data that causes an error to exist in such Actual Settlement Quality Meter Data after T+48B shall constitute inaccurate Actual Settlement Quality Meter Data and is a Rule of Conduct violation. The Sanction is \$1,000. All violations of this Section 37.11.1 shall be found per SCID per Trading Day and all Sanctions assessed under this Section 37.11.1 shall be levied per SCID per Trading Day. Accordingly, for any given trade date, one Scheduling Coordinator may be found to have committed multiple violations of, and may be assessed multiple Sanctions under, this Section 37.11.1.

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40.3.1.1 Local Capacity Technical Study Criteria

The Local Capacity Technical Study will determine the minimum amount of Local Capacity Area Resources needed to address the Contingencies identified in Section 40.3.1.2. In performing the Local Capacity Technical Study, the CAISO will apply those methods for resolving Contingencies considered

appropriate for the performance level that corresponds to a particular studied Contingency, as provided in NERC Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0, and TPL-004-0, as augmented by CAISO Reliability Criteria in accordance with the Transmission Control Agreement and Section 24.3.1. The CAISO Reliability Criteria shall include:

- (1) Time Allowed for Manual Readjustment: This is the amount of time required for the Operator to take all actions necessary to prepare the system for the next Contingency. This time should not be more than thirty (30) minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for a Contingency in Category D - extreme event (any B1-4 system readjusted (Common Mode) L-2), as listed in Section 40.3.1.2.

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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 40.4.6.2.2.2, 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.

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40.8.1 Applicability

The criteria in this Section 40.8 shall apply only: (i) where the CPUC or Local Regulatory Authority has not established and provided to the CAISO criteria to determine the types of resources that may be eligible to provide Qualifying Capacity and for calculating Qualifying Capacity for such eligible resource types and (ii) until the CAISO has been notified in writing by the CPUC of its intent to overturn, reject or fundamentally modify the capacity-based framework in CPUC Decisions 04-01-050 (Jan. 10, 2004), 04-10-035 (Oct. 28, 2004), and 05-10-042 (Oct. 31, 2005). The types of resources specified in this Section 40.8.1 will be eligible to provide Qualifying Capacity to the extent they meet the criteria for each type of resource set forth in this Section 40.8.1.

40.8.1.1 [Not Used]

40.8.1.2 Nuclear and Thermal

Nuclear and thermal Generating Units, other than Qualifying Facilities with Existing QF Contracts addressed in Section 40.8.1.8 below, must be a Participating Generator or a System Unit. The Qualifying Capacity of nuclear and thermal units, other than Qualifying Facilities addressed in Section 40.8.1.8, will be based on net dependable capacity defined by NERC Generating Availability Data System information.

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40.9.6.2 Determination of Availability Incentive Payment

- (a) **Self-Funding.** The Availability Incentive Payment will be funded entirely through the monthly Non-Availability Charges assessed. Availability Incentive Payments for Resource Adequacy Resources providing Flexible RA Capacity will be funded exclusively

by Non-Availability Charges assessed against Resource Adequacy Resources providing Flexible RA Capacity.

- (b) **Eligible Capacity.** The capacity of a Resource Adequacy Resource providing local, system or Flexible RA Capacity that is eligible to receive an Availability Incentive Payment shall be the resource's average monthly MWs of capacity that exceed the upper bound of the Availability Standard.
- (c) **Calculation.**
 - (1) The monthly Availability Incentive Payment rate will equal the total Non-Availability Charges assessed for the month plus any unpaid funds under Section 40.9.6.2(d), divided by the total Resource Adequacy Capacity eligible to receive the Availability Incentive Payment that month.
 - (2) The Availability Incentive Payment rate shall not exceed three times the Non-Availability Charge rate.
 - (3) The Availability Incentive Payment the CAISO shall pay to each eligible resource shall equal the product of its eligible capacity and the Availability Incentive Payment rate.
- (d) **Unpaid Funds.** Any Non-Availability Charge funds that are not distributed to Resource Adequacy Resources eligible to receive Availability Incentive Payments in a month will be added to the funds available for Availability Incentive Payments in the next month and will continue to roll over to successive months until the end of the year. The CAISO distributes any unallocated funds remaining after the CAISO settles December monthly RAAIM Non-Availability Charges and Non-Availability Incentive Payments to Load Serving Entities based on their overall ratio of obligation to demonstrate Flexible RA Capacity for the year.

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40.10.2.2 Allocation to Load-Following MSS

- (a) The CAISO will calculate the allocable share of the Flexible Capacity Need for each Load-following MSS as –
 - (1) the Local Regulatory Authority’s average percent contribution to the change in wind output, minus the change in solar PV output, minus the change in solar thermal output, during the five highest three-hour net-load changes in the month, for resources not included in the Load-following MSS Load Serving Entity’s resource portfolio; and
 - (2) plus the lesser of the MSS contribution calculated under Section 40.10.2.2(a)(1) or 3.5 percent of its forecasted peak load.
 - (3) plus the Load-following MSS Load Serving Entity’s allocable share of any forecast adjustment under Section 40.10.1.4.
- (b) The CAISO will deduct the Flexible Capacity Need allocated to each Load-following MSS from the calculation to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.
- (c) If the Load-following MSS Load Serving Entity’s contribution to the three-hour net-load ramp calculated under Section 40.10.2.2(a)(1) is less than its contribution to the 3.5 percent of expected peak load, the CAISO will not reallocate that difference to other Local Regulatory Authorities to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.

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40.10.4.1 Effective Flexible Capacity Calculation

- (a) **Flexible Resources.** The CAISO will calculate the Effective Flexible Capacity value of a resource, for use (i) if a Local Regulatory Authority has not established criteria for calculating the Effective Flexible Capacity value for eligible resource types, and (ii) for determining if a cumulative deficiency exists under Sections 43A.2.7(a) and (b), as

follows, except as provided in Sections 40.10.4.1 (b) through (f) –

- (1) If the Start-Up Time of the resource is greater than 90 minutes, the Effective Flexible Capacity value shall be the weighted average ramp rate of the resource calculated from PMin to Net Qualifying Capacity multiplied by 180 minutes. The Effective Flexible Capacity shall not exceed the difference between the PMin and PMax of the resource.
 - (2) If the Start-Up Time of the resource is less than or equal to 90 minutes, the Effective Flexible Capacity value shall be the weighted average ramp rate of the resource calculated from zero to Net Qualifying Capacity multiplied by 180 minutes. The Effective Flexible Capacity shall not exceed the Net Qualifying Capacity of the resource.
- (b) **Hydroelectric Generating Unit.** The Effective Flexible Capacity of a hydroelectric generating unit will be the amount of capacity from which the resource can produce Energy consistently for 6 hours based upon the resource's physical storage capacity, which shall not exceed its Net Qualifying Capacity.
- (c) **Proxy Demand Resource.** The Effective Flexible Capacity of a Proxy Demand Resource will be based on the resource's actual MWs of load modification in response to a dispatch by the CAISO during a test event. In determining the Effective Flexible Capacity of a Proxy Demand Resource, the CAISO will –
- (1) conduct the test at a random time during the flexible capacity must-offer obligation period for the resource;
 - (2) use the applicable baseline load data, as described in the CAISO Tariff or Business Practice Manual, to measure the load modification of the Proxy Demand Resource being tested; and
 - (3) pay the resource's bid price for the testing period.
- (d) **Energy Storage Resource.** The Effective Flexible Capacity value for an energy storage resource will be determined as follows –
- (1) for an energy storage resource that provides Flexible RA Capacity but not

Regulation Energy Management, the Effective Flexible Capacity value will be the MW output range the resource can provide over three hours of charge/discharge while constantly ramping.

- (2) for an energy storage resource that provides Flexible RA Capacity and Regulation Energy Management, the Effective Flexible Capacity value will be the resource's 15-minute energy output capability.
- (e) **Multi-Stage Generating Resource.** The Effective Flexible Capacity value for a Multi-Stage Generating Resource will be calculated using the longest Start-Up Time of the resource's configuration that has the lowest PMin.
- (f) **Combined Heat and Power Resource.** The Effective Flexible Capacity value of a Combined Heat and Power Resource will be the lesser of (i) the resource's Net Qualifying Capacity, or (ii) the MW difference between the CHP resource's maximum output and its minimum operating level, such quantity not to exceed the quantity of generating capacity capable of being delivered over a three-hour period.

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40.10.5.3 Review of Flexible RA Capacity Plans

- (a) **Validation For Deficiency In An Individual LSE Plan.**
 - (1) If the Local Regulatory Authority has not established its own flexible capacity procurement requirements, the CAISO will validate the annual and monthly LSE Flexible RA Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities, and will use the Effective Flexible Capacity value for each resource calculated under Section 40.10.4. The CAISO will determine whether each Load Serving Entity met its annual or monthly total Flexible RA Capacity Requirement, and for the monthly LSE Flexible RA Capacity Plan, whether it met the total monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category.

- (2) If the Local Regulatory Authority has established its own flexible capacity procurement requirements, the CAISO will not validate the individual LSE Flexible Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities.
- (b) **Identification of Discrepancy.** The CAISO will compare all LSE Flexible RA Capacity Plans and Resource Flexible RA Capacity Plans to identify any discrepancy in the Resource Adequacy Resources listed or the amount of the Resource Adequacy Capacity committed.
- (c) **Evaluation For Cumulative Deficiency.**
- (1) The CAISO will evaluate the annual LSE Flexible RA Capacity Plans of all Load Serving Entities on a cumulative basis to determine whether the total amount of Flexible RA Capacity shown in the plans meets 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(a).
- (2) The CAISO will evaluate the monthly Flexible RA Capacity Plans of all Load Serving Entities to determine whether (i) the total amount of Flexible RA Capacity shown in the plans, limited to the maximum monthly requirement for each category, meets the applicable monthly Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(1); or (ii) the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans meets the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.5 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(2).
- (d) **Calculation of Flexible RA Capacity.** The CAISO will calculate the amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans using the MW amount of Flexible RA Capacity for each resource designated in a plan as a Flexible RA Capacity Resource up to the Effective Flexible Capacity value for the resource

calculated under Section 40.10.4.

- (e) **Allocated Flexible RA Capacity Requirement.** The CAISO will calculate the Load Serving Entity's allocated annual and monthly Flexible RA Capacity Requirement –
 - (1) For Load Serving Entities within a Local Regulatory Authority that has not adopted its own allocation methodology, the CAISO will calculate the Load Serving Entity's allocated requirement based on the CAISO's allocation methodology set forth in Section 40.10.2.
 - (2) For Load Serving Entities within a Local Regulatory Authority that has adopted its own allocation methodology, the CAISO will use that Local Regulatory Authority's methodology for the Local Regulatory Authority's jurisdictional Load Serving Entities.

40.10.5.4 Deficiency in LSE Flexible RA Capacity Plan

- (a) **Finding and Notification.** If the CAISO's validation under Section 40.10.5.3(a) finds either: (i) that the total amount of Flexible RA Capacity included in an annual or monthly LSE Flexible RA Capacity Plan is not sufficient to satisfy the Load Serving Entity's allocated Flexible RA Capacity Requirement; or (ii) that the total monthly requirement in a monthly LSE Flexible RA Capacity Plan was not met within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, the CAISO will –
 - (1) notify the relevant Scheduling Coordinator, and the Local Regulatory Authority or federal agency with jurisdiction over the relevant Load Serving Entity, in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 40 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a deficiency exists.
- (b) **Resolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall -

- (1) demonstrate, no less than 30 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan, or
 - (2) advise the CAISO that the Load Serving Entity's Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists.
- (c) **Unresolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.

40.10.5.5 Discrepancy Between Flexible RA Capacity Plans.

- (a) **Finding and Notification.** If the CAISO's review under Section 40.10.5.3(b) finds a discrepancy between an LSE Flexible RA Capacity Plan and a Resource Flexible RA Capacity Plan, the CAISO will –
- (1) notify the relevant Scheduling Coordinators of the discrepancy in an attempt to resolve the discrepancy in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 40 days in advance of the first day of the month covered by the plans and include the reasons the CAISO believes a discrepancy exists.
- (b) **Resolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and the discrepancy is resolved, the Scheduling Coordinator must provide the CAISO with a revised LSE Flexible RA Capacity Plan or Resource Flexible RA Capacity Plan, as applicable, no less than 30 days prior to the first day of the month covered by the plans.
- (c) **Unresolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and is not advised that the discrepancy is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of

resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.

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40.10.6 Flexible RA Capacity Must-Offer Obligation

40.10.6.1 Day-Ahead and Real-Time Availability

- (a) **Must-Offer Obligation.** The Scheduling Coordinator for a resource supplying Flexible RA Capacity must submit Economic Bids for Energy for the full amount of the resource's Flexible RA Capacity, and Economic Bids for Ancillary Services that are not flagged as Contingency Only in the Day-Ahead Market for the full amount of the resource's Flexible RA Capacity that is certified to provide Ancillary Services, in the Day-Ahead Market and the Real-Time Market for the applicable Trading Hours that is capable of being economically dispatched as follows, except as provided in Section 40.10.6.1(e) through(h) –
- (1) Flexible Capacity Category for base ramping resources - the 17-hour period from 5:00 a.m. to 10:00 p.m., seven days a week;
 - (2) Flexible Capacity Category for peak ramping resources - the five-hour period determined for each season by the CAISO's Flexible Capacity Needs Assessment, seven days a week; and
 - (3) Flexible Capacity Category for super-peak ramping resources - the five-hour period determined for each season by the CAISO's Flexible Capacity Needs Assessment, weekdays, except holidays and as provided in Section 40.10.6.1(h), until the resource receives during the five-hour period of the must offer obligation and responds to five CAISO dispatches for Start-Up during the month, after which the resource will not be subject to a must-offer obligation as a super-peak ramping resource for the remainder of that month; however, any other must-offer obligations for Resource Adequacy Capacity will still apply.

- (b) **Availability Requirement.** During the period of the applicable must-offer obligation, a Flexible RA Capacity Resource must be operationally available except for limitations specified in the Master File, legal or regulatory prohibitions or as otherwise required by this CAISO Tariff or by Good Utility Practice.
- (c) **Co-optimization.** Through the IFM co-optimization process, the CAISO will utilize available Flexible RA Capacity to provide Energy or Ancillary Services in the most efficient manner to clear the Energy market, manage congestion and procure required Ancillary Services.
- (d) **Participation in RUC.** A Flexible RA Capacity Resource must participate in the RUC to the extent that the resource has available Flexible RA Capacity that is not reflected in an IFM Schedule. Resource Adequacy Capacity participating in RUC will be optimized using a zero dollar (\$0/MW-hour) RUC Availability Bid. Flexible RA Capacity selected in RUC will not be eligible to receive a RUC Availability Payment.
- (e) **Use-Limited Resources.**
- (1) A Use-Limited Resource providing Flexible RA Capacity must be capable of responding to Dispatch Instructions and, consistent with its use-limitations, must submit Economic Bids for Energy for the full amount of its Flexible RA Capacity in the Day-Ahead Market and the Real-Time Market for the Trading Hours applicable to the resource's Flexible Capacity Category for that month for the Trading Hours that it is capable of being economically dispatched.
 - (2) The Scheduling Coordinator for the Use-Limited Resources designated as a combined resource under Section 40.10.3.2(b), 40.10.3.3(b) or 40.10.3.4(b) must submit Economic Bids for Energy for either resource for the full amount of the Flexible RA Capacity required by the applicable must-offer obligation; however, Economic Bids for Energy must be submitted for only one resource in the combination per Trade Day.
- (f) **Short, Medium or Long Start Units.**

- (1) Short Start Units or Medium Start Units providing Flexible RA Capacity that do not have an IFM Schedule or a RUC Schedule for any of their Resource Adequacy Capacity for a given Trading Hour are required to participate in the Real-Time Market consistent with the provisions in Section 40.6.2 that apply to Short Start Units providing RA Capacity.
 - (2) Long Start Units providing Flexible RA Capacity that do not have an IFM Schedule or a RUC Schedule for any of their Resource Adequacy Capacity for a given Trading Hour are required to participate in the Real-Time Market consistent with the provisions in Section 40.6.2 that apply to Long Start Units providing RA Capacity.
 - (3) If availability is required under Section 40.6.2, the Scheduling Coordinator for the resource must submit to the RTM for that Trading hour for which the resource is capable of responding to Dispatch Instructions: (i) Economic Bids for Energy for the full amount of the available Flexible RA Capacity, including capacity for which it has submitted Economic Bids for Ancillary Services; and (ii) Economic Bids for Ancillary Services for the full amount of its Flexible RA Capacity that is certified to provide Ancillary Services and that did not receive a day-ahead award, and for each Ancillary Service for which the resource is certified, including capacity for which it has submitted Economic Bids for Energy.
- (g) **Extremely Long-Start Resources.** Flexible RA Capacity Resources that are Extremely Long-Start Resources must be available to the CAISO by complying with the Extremely Long-Start Commitment Process under Section 31.7 or otherwise committing the resource upon instruction from the CAISO, if physically capable. Once an Extremely Long-Start Resource is committed by the CAISO, it is subject to the provisions of Section 40.10.6 regarding Day-Ahead Availability and Real-Time Availability for the Trading Days for which it was committed.
- (h) **Non-Generator Resources, Regulation Energy Management.** Non-Generator Resources providing Flexible RA Capacity and Regulation Energy Management must

submit Economic Bids for Regulation Up and Regulation Down for Trading Hours in the 17-hour period from 5:00 a.m. to 10:00 p.m., seven days a week and shall not submit Bids for Energy or other Ancillary Services.

40.10.6.2 Failure to Bid

If the Scheduling Coordinator for a resource supplying Flexible RA Capacity does not submit Economic Bids for Energy for the full amount of the resource's Flexible RA Capacity, and Economic Bids for Ancillary Services for the full amount of the resource's Flexible RA Capacity that is certified to provide Ancillary Services, in the Day-Ahead Market and the Real-Time Market for the Trading Hours during the period of the applicable must-offer obligation –

- (1) the CAISO will not insert Generated Bids for any Flexible RA Capacity for which the resource did not submit bids; and
- (2) An Exceptional Dispatch instruction issued to the resource for all or a portion of its Flexible RA Capacity shall not be an Exceptional Dispatch CPM designation under Section 43A.2.5.

* * * * *

42.1.5 CAISO to Take Necessary Steps to Ensure Criteria Compliance

Notwithstanding the foregoing, if the CAISO concludes that it may be unable to comply with the Applicable Reliability Criteria, the CAISO shall, acting in accordance with Good Utility Practice, take such steps as it considers to be necessary to ensure compliance, including the negotiation of contracts through processes other than competitive solicitations. These steps can include the negotiation of contracts on a Real-Time basis for Generation, Ancillary Services, or unloaded resource capacity to meet Applicable Reliability Criteria. Unless otherwise specified, the contract price for Ancillary Services or unloaded resource capacity to meet Applicable Reliability Criteria is the applicable Fifteen-Minute Market Ancillary Service Marginal Price.

* * * * *

- 43. [Not Used]
- 43.1 [Not Used]
- 43.2 [Not Used]
- 43.2.1 [Not Used]
- 43.2.2 [Not Used]
- 43.2.3 [Not Used]
- 43.2.4 [Not Used]
- 43.2.5 [Not Used]
- 43.2.6 [Not Used]
- 43.2.7 [Not Used]
- 43.3 [Not Used]
- 43.3.1 [Not Used]
- 43.3.2 [Not Used]
- 43.3.3 [Not Used]
- 43.3.4 [Not Used]
- 43.3.5 [Not Used]
- 43.3.6 [Not Used]
- 43.3.7 [Not Used]
- 43.3.8 [Not Used]
- 43.4 [Not Used]
- 43.4.1 [Not Used]
- 43.4.2 [Not Used]
- 43.4.3 [Not Used]
- 43.5 [Not Used]
- 43.5.1 [Not Used]
- 43.5.2 [Not Used]
- 43.5.3 [Not Used]
- 43.6 [Not Used]

- 43.6.1 [Not Used]
- 43.6.2 [Not Used]
- 43.6.3 [Not Used]
- 43.6.4 [Not Used]
- 43.7 [Not Used]
- 43.7.1 [Not Used]
- 43.7.2 [Not Used]
- 43.7.3 [Not Used]
- 43.8 [Not Used]
- 43.8.1 [Not Used]
- 43.8.2 [Not Used]
- 43.8.3 [Not Used]
- 43.8.4 [Not Used]
- 43.8.5 [Not Used]
- 43.8.6 [Not Used]
- 43.8.7 [Not Used]
- 43.8.8 [Not Used]
- 43.9 [Not Used]
- 43.10 [Not Used]

43A.3.2 SC Month Plan Failure to Show Local Capacity Area Resources

CPM Capacity designated under Section 43A.2.1.2 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

43A.6.1 CPM Designation Market Notice

The CAISO shall issue a Market Notice within two (2) Business Days of a CPM designation under Sections 43A.2.1 through 43A.2.6. CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.11.4. The Market Notice shall include a preliminary description of what caused the CPM designation, the name of the resource(s) procured, the preliminary expected duration of the CPM designation, the initial designation period, and an indication that a designation report is being prepared in accordance with Section 43A.6.2. For Exceptional Dispatch CPM designations, the market notice shall additionally indicate whether the designation was made to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need, specify the quantity of the Exceptional Dispatch CPM capacity that was procured and the Exceptional Dispatch CPM Term, and identify the engineering assessment the CAISO used to determine the quantity of capacity needed from the resource to address the reliability issue.

* * * * *

Appendix A

Master Definitions Supplement

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- [Not Used]

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- Business Practice Manuals (BPMs)

A collection of documents made available by the CAISO on the CAISO Website that contain the rules, policies, procedures and guidelines established by the CAISO for operational, planning, accounting and settlement requirements of CAISO Market activities, consistent with the CAISO Tariff.

* * * * *

- CAISO Forecast of CAISO Demand

The forecast of CAISO Demand made by the CAISO for use in the CAISO Markets.

* * * * *

- Capacity Procurement Mechanism (CPM)

The Capacity Procurement Mechanism, as set forth in Section 43A.

* * * * *

- [Not Used]

* * * * *

- CPM Capacity

Capacity of Generating Units, System Units, System Resources, PDR or Participating Load that is designated under the CPM in accordance with Section 43A during the term of the designation. Flexible Capacity CPM is one form of CPM Capacity.

* * * * *

- Energy-Only Deliverability Status

A condition elected by an Interconnection Customer for a Generating Facility interconnected with the CAISO Controlled Grid the result of which is that the Interconnection Customer is responsible only for the costs of Reliability Network Upgrades and is not responsible for the costs of Delivery Network Upgrades, but the Generating Facility will be deemed to have a Net Qualifying Capacity of zero, and, therefore, cannot be considered to be a Resource Adequacy Resource.

* * * * *

- Energy Resource Area (ERA)

A geographic region certified by the California Public Utilities Commission and the California Energy Commission as an area in which multiple LCRIGs could be located, provided that, for the interim period before those agencies certify such areas and for LCRIFs that are proposed to connect LCRIGs located outside the State of California, an Energy Resource Area shall mean a geographic region that would be connected to the CAISO Controlled Grid by an LCRIF with respect to which the CAISO Governing Board determines that all of the requirements of Section 24.4.63 are satisfied, except for the requirement that the LCRIGs to which the LCRIF would connect are located in an area certified as an ERA by those agencies.

* * * * *

- Exceptional Dispatch CPM

An Exceptional Dispatch CPM under Section 43A.2.5 with a term of 30 or 60 days.

* * * * *

- Exceptional Dispatch Term

The term of each Exceptional Dispatch CPM designation, as determined pursuant to Section 43A.3.6.

* * * * *

- Fifteen-Minute Market (FMM)

A Real-Time market procedure conducted throughout the Operating Day in fifteen-minute increments prior to the RTD, to clear Bids for Energy and Ancillary Services from imports and exports, internal Supply and CAISO Forecast of CAISO Demand, as further specified in Section 34.5.

* * * * *

- Interconnection Base Case Data

Data including, but not limited to, base power flow, short circuit and stability databases, underlying Load, Generation, and transmission facility assumptions, Contingency lists and automated contingency files, including relevant Remedial Action Schemes, Operating Procedures, per unit costs, and transmission diagrams used to perform Phase I Interconnection Studies and Phase II Interconnection Studies. Interconnection Base Case Data may include Critical Energy Infrastructure Information (as that term is defined by FERC). The Interconnection Base Case Data shall include transmission facilities approved by the CAISO under Section 24 and Network Upgrades associated with Generation Facilities in (iv) below and Generating Facilities that (i) are directly interconnected to the CAISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; or (iv) are not interconnected to the CAISO Controlled Grid, but are subject to a fully executed LGIA (or its equivalent predecessor agreement) or for which an unexecuted LGIA (or its equivalent predecessor agreement) has been requested to be filed with FERC. To the maximum extent practicable, the Interconnection Base Case Data shall utilize the Unified Planning Assumptions developed pursuant to Section 24.3.

* * * * *

- Location Constrained Resource Interconnection Facility

A Transmission Facility that has been determined by the CAISO to satisfy all of the requirements of Section 24.4.6.3.

* * * * *

- Market Manipulation

Market Manipulation has the meaning set forth in 18 C.F.R. § 1c.

* * * * *

- Measured Demand

The metered CAISO Demand plus Real-Time Interchange Export Schedules, excluding that portion of Demand of Non-Generator Resources dispatched as Regulation through Regulation Energy Management.

* * * * *

- Non-Generator Resources

Resources that operate as either Generation or Load and that can be dispatched to any operating level within their entire capacity range but are also constrained by a MWh limit to (1) generate Energy, (2) curtail the consumption of Energy in the case of demand response, or (3) consume Energy.

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- [Not Used]

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- [Not Used]

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- [Not Used]

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- Pre-Construction Activities

Actions by a Participating TO, other than those required by an Engineering and Procurement Agreement under GIP Section 10 in Appendix Y, and Section 12 of Appendix DD, undertaken prior to Construction Activities in order to prepare for the construction of Participating TO's Interconnection Facilities or Network Upgrades assigned to the Interconnection Customer, including, but not limited to, preliminary

engineering, permitting activities, environmental analysis, or other activities specifically needed to obtain governmental approvals for the Participating TO's Interconnection Facilities or Network Upgrades.

* * * * *

- Real-Time Dispatch (RTD)

The SCED and SCUC software used by the CAISO to determine which resources to Dispatch and to calculate LMPs.

* * * * *

- Real-Time Market (RTM)

The spot market conducted by the CAISO using SCUC and SCED in the Real-Time which includes the HASP, FMM, STUC and the RTD for the purpose of Unit Commitment, Ancillary Service procurement, Congestion Management and Energy procurement based on Supply Bids and CAISO Forecast of CAISO Demand.

* * * * *

- Regulation Energy Management

A market feature for resources located within the CAISO Balancing Authority Area that require Energy from the Real-Time Market to offer their full capacity as Regulation, as described in Section 8.4.1.2.

* * * * *

- Request Window

The period of time as set forth in the Business Practice Manual during which transmission additions or upgrades, requests for Economic Planning Studies, and other transmission related information is submitted to the CAISO in accordance with Section 24.4.1.

* * * * *

- Rules of Conduct

The rules set forth in Sections 37.2 through 37.6.

* * * * *

- Scheduling Coordinator Metered Entity

Pursuant to Section 10.1, an eligible entity that has elected that its Scheduling Coordinator will process and submit its Settlement Quality Meter Data to the CAISO. Eligible entities include:

- i. a Generator, including Participating Generators and QFs;
- ii. a Utility Distribution Company or Small Utility Distribution Company;
- iii. a Participating Intermittent Resource;
- iv. an EIM Entity or EIM Participating Resource;
- v. a Proxy Demand Resource or Reliability Demand Response Resource;
- vi. a Distributed Energy Resource;
- vii. an End User; and
- viii. Tie Point Meters with other Transmission Owners or Balancing Authority Areas.

* * * * *

- Study Plan

The plan to be developed pursuant to Section 24.3.1, which sets forth the technical studies to be performed during the annual Transmission Planning Process.

* * * * *

- [Not Used]

* * * * *

- [Not Used]

* * * * *

- Unified Planning Assumptions

The assumptions to be developed pursuant to Section 24.3.1 and used, to the maximum extent possible, in performing technical studies identified in the Study Plan as part of the annual Transmission Planning Process.

* * * * *

Appendix F Rate Schedules

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Schedule 4

Eligible Intermittent Resources Forecast Fee

A charge up to \$.10 per MWh shall be assessed on the metered Energy from Eligible Intermittent Resources as a Forecast Fee, provided that Eligible Intermittent Resources smaller than 10 MW that are not Participating Intermittent Resources and that sold power pursuant to a power purchase agreement entered into pursuant to PURPA prior to entering into a PGA or Net Scheduled PGA shall be exempt from the Forecast Fee.

The rate of the Forecast Fee shall be determined so as to recover the projected annual costs related to developing Energy forecasting systems, generating forecasts, validating forecasts, and monitoring forecast performance, that are incurred by the CAISO as a direct result of participation by Eligible Intermittent Resources in CAISO Markets, divided by the projected annual Energy production by all Eligible Intermittent Resources.

The initial Forecast Fee, and all subsequent changes as may be necessary from time to time to recover costs incurred by the CAISO for the forecasting conducted on the behalf of Eligible Intermittent Resources pursuant to the foregoing rate formula, shall be set forth in a Business Practice Manual.

* * * * *

APPENDIX J

GRANDFATHERED STANDARD CAPACITY PRODUCT PROVISIONS

Grandfathering of Standard Capacity Product Provisions

Notwithstanding any other provisions of the CAISO Tariff, the following provisions shall apply pursuant to Section 40.9.2.1(a)(1).

40.9.2 Exemptions

The following exemptions apply to the CAISO's Availability Standards program of this Section 40.9:

- (1) Capacity under a resource specific power supply contract that existed prior to June 28, 2009 and Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval prior to June 28, 2009, and is associated with specific Generating Units or System Resources, will not be subject to Non-Availability Charges or Availability Incentive Payments. Such contracted Resource Adequacy Capacity, except for non-Resource-Specific System Resources, will be included in the development of Availability Standards

and will be subject to any Outage reporting requirements necessary for this purpose. The exemption will apply only for the initial term of the contract and to the MW capacity quantity and Resource Adequacy Resources specified in the contract prior to June 28, 2009. The exemption shall terminate upon the conclusion of the initial contract term. Exempt contracts may be re-assigned or undergo novation on or after June 28, 2009, but the exemption shall not apply for any extended contract term, increased capacity quantity or additional resource(s) beyond those specified in the contract prior to June 28, 2009, except as provided in Section 40.9.2(7) or 40.9.2(8). Scheduling Coordinators for Resource Adequacy Resources subject to these contracts will be required to certify the start date of the contract, the expiration date, the Resource ID(s), and the amount of Resource Adequacy Capacity associated with each Resource ID included in the contract. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output, the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (2) will not be subject to Non-Availability Charges or Availability Incentive Payments, except that the deadline date for either type of contract shall be August 22, 2010 instead of June 28, 2009.

- (2) For a contract entered into prior to June 28, 2009 that provides for the amount of Resource Adequacy Capacity to increase during the original term of the contract, based on a ratio of the Resource Adequacy Resource's output or due to an addition of capacity, the exemption provided in subsection (2) of this Section 40.9.2 will apply to the additional capacity allowed under the contract; provided that the capacity increase (i) is expressly contained in the provisions of the contract, (ii) occurs during the primary term of the contract; and (iii) does not result from contract extensions or other amendments to the original terms and conditions of the contract, except as provided in Section 40.9.2(7) or 40.9.2(8). Scheduling Coordinators for Resource Adequacy Resources subject to contracts that provide for such capacity increases or additions must include in their

certification, in addition to the requirements of subsection (2) of this Section 40.9.2, (i) the citation to any contract provisions that might entitle them to increased exempt Resource Adequacy Capacity from the contracted resources during the primary term of the contract; (ii) the amount of additional capacity to which they might be entitled; and (iii) the actual effective date of the capacity increase. If the actual amount of capacity and/or the actual effective date of the capacity increase is not known at the time of the initial certification, the Scheduling Coordinator shall provide a supplemental certification(s) when this information becomes known. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output the exemption provided in subsection (2) of this Section 40.9.2 will apply to an increase in the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (3), except that the deadline date for either type of contract to be exempt shall be August 22, 2010 instead of June 28, 2009.

* * * * *

Appendix N

Pseudo-Tie Protocols

1. Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area

1.1 Consistency with NERC/WECC Requirements

- 1.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, WECC, and North American Energy Standards Board (NAESB) reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a “Point Of Delivery” (POD) with the NAESB Electric Industry Registry (EIR). All (off-system) static scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.

* * * * *

2. Pseudo-Ties of Generating Units out of the CAISO Balancing Authority Area

2.1 Consistency with NERC/WECC Requirements

- 2.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, WECC, and NAESB reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a “Point Of Delivery” (POD) with the NAESB Electric Industry Registry EIR. All interchange scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.

* * * * *

Appendix Q

Eligible Intermittent Resources Protocol (EIRP)

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3.1.3 Designated Turbines

For any wind eligible Intermittent Resource, designated turbines are required to improve forecast accuracy within a wind park. The CAISO shall identify a designated turbine, from which the Eligible Intermittent Resource shall provide nacelle wind speed and wind direction every four seconds. Wind EIRs with a PGA or NS PGA that are operating or have final regulatory approvals to construct as of November 1, 2018, that have wind turbines without nacelle anemometers need not comply with the requirements of this section for Designated Turbines. However, when the wind EIR repowers or replaces a portion of its existing wind turbines, then the Wind EIR must become compliant with the requirements of this section for Designated Turbines.

* * * * *

Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

* * * * *

Section 1 Objectives And Applicability

1.1 Objectives And Applicability

The objective of this Generation Interconnection and Deliverability Allocation Procedures (GIDAP) is to implement the requirements for both Small and Large Generating Facility interconnections to the CAISO Controlled Grid and to provide a process for allocating Transmission Plan Deliverability for Interconnection Requests starting with Queue Cluster 5 and for subsequent Queue Clusters. This GIDAP applies to Interconnection Requests that are either assigned to Queue Cluster 5 and subsequent Queue Clusters, or submitted for the Independent Study Process, or Fast Track Process after July 25, 2012. The two exceptions to this rule of limited applicability are (i) the annual reassessment process set forth in Section 7.4, which shall apply to all CAISO Interconnection Customers in Queue Clusters, and (ii) the annual Generator Downsizing Process set forth in Section 7.5 which shall apply to all eligible Interconnection Customers, regardless of which interconnection procedures under the CAISO Tariff they are subject to.

* * * * *

Attachment C – Marked Tariff

Tariff Clarifications Amendment

California Independent System Operator Corporation

4.5.3.12 Financial Responsibility

Assuming financial responsibility for all Schedules, AS Awards and Dispatch Instructions issued in the CAISO Markets, and all Virtual Awards in accordance with the provisions of this CAISO Tariff; ~~and~~

4.5.3.13 Compliance with Environmental Constraints, Operating Permits and Applicable Law

Submitting Bids so that any service provided in accordance with such Bids does not violate environmental constraints, operating permits or applicable law. All submitted Bids must reflect resource limitations and other constraints as such are required to be reported to the CAISO Control Center.

4.5.3.14 Tax Compliance

Providing, as described in the Business Practice Manuals, resale certificates or other proof acceptable to CAISO that its purchases of energy are exempt from any sales and use taxes that otherwise might apply; ~~and~~

4.5.3.15 SQMD Plan

Complying with the SQMD Plan for eligible entities it serves pursuant to Section 10.3.7.

* * * * *

~~**THIS SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012**~~

4.7 Relationship Between CAISO and Participating Loads

The CAISO shall only accept Bids for Supply of Energy or Ancillary Services or Submissions to Self-Provide Ancillary Services from Loads if such Loads are those of a Participating Load that has entered into a Participating Load Agreement with the CAISO and which meet standards adopted by the CAISO and published on the CAISO Website. The CAISO shall not accept submitted Bids for Supply of Energy or Ancillary Services from a Participating Load other than through a Scheduling Coordinator. The CAISO shall not accept Bids from Scheduling Coordinators relating to Load from any Non-Generator Resource unless the resource owner or operator undertakes in writing, by entering into a Participating Load Agreement, to comply with all applicable provisions of this CAISO Tariff as they may be amended from time to time.

* * * * *

4.12.3 Telemetry Data to Demonstrate Compliance

The Resource-Specific System Resource owner shall provide SCADA data by telemetry to the CAISO EMS at the Resource-Specific System Resource owner's expense in order to demonstrate compliance with CAISO Start-Up Instructions in order to be eligible for BCR. Telemetry data from Dynamic Resource-Specific System Resources shall be provided in accordance with the requirements of the CAISO's Dynamic Scheduling Protocol in Appendix ~~XM~~. For Non-Dynamic Resource-Specific System Resources, the Resource-Specific System Resource owner shall have the option of providing the required telemetry data by transmittal directly to the CAISO EMS in accordance with the CAISO's standards for direct telemetry or by means of transmittal to the CAISO EMS through the EMS of its Host Balancing Authority Area by use of the inter-control center communications protocol (ICCP).

* * * * *

6.1.2 Information Transfer from Scheduling Coordinator to CAISO

Unless otherwise agreed by the CAISO, Scheduling Coordinators who wish to submit Bids into CAISO Markets for Energy or Ancillary Services to the CAISO must submit the information to the CAISO's secure communication system. Scheduling Coordinators that wish to submit Dynamic Schedules or Bids for Ancillary Services to the CAISO must also comply with the applicable requirements of Sections 4.5.4.3, ~~8.3.7.4.5~~ and 8.4.~~57.2.4~~.

* * * * *

8.2.3.1 Regulation Service

The CAISO shall maintain sufficient resources immediately responsive to the CAISO's EMS control in order to provide sufficient Regulation service to allow the CAISO Balancing Authority Area to meet NERC

and WECC reliability standards and any requirements of the NRC by continuously balancing resources to meet deviations between actual and scheduled Demand and to maintain Interchange Schedules. The quantity of Regulation Down and Regulation Up capacity needed for each Settlement Period of the Day-Ahead Market and in each fifteen (15) minute period in Real-Time shall be determined by the CAISO as a percentage of the applicable CAISO Forecast ~~Of~~ CAISO Demand for the Day-Ahead and Real-Time Markets. In HASP, the amount of advisory Regulation from Dynamic System Resources required for each Settlement Period in the next Trading Hour is also determined based on the CAISO Forecast ~~Of~~ CAISO Demand. The advisory awards of Regulation from Dynamic System Resources in HASP are not binding and are re-optimized through the FMM and RTD processes in the Real-Time Market. The CAISO's determination is based upon its need to meet the NERC and WECC reliability standards and any requirements of the NRC. The CAISO will take into account the speed and accuracy of regulation resources in its determination of Regulation requirements, including as it qualifies self-provided Regulation. Upon request of a Scheduling Coordinator, the CAISO will share with the Scheduling Coordinator its reasoning and any related data used to make the determination of whether the Scheduling Coordinator's self-provided Regulation capacity meets its regulation obligation.

* * * * *

8.3.1 Procurement of Ancillary Services

The CAISO shall operate competitive Day-Ahead and Real-Time Markets to procure Ancillary Services. The Security Constrained Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED) applications used in the Integrated Forward Market (IFM) and the Real-Time Market (RTM) shall calculate optimal resource commitment, Energy, and Ancillary Services Awards and Schedules at least cost to End-Use Customers consistent with maintaining System Reliability. Any Scheduling Coordinator representing resources, System Units, Participating Loads, Proxy Demand Resources or imports of System Resources may submit Bids into the CAISO's Ancillary Services markets provided that it is in possession of a current certificate for the resources concerned. Regulation Up, Regulation Down, and Operating Reserves necessary to meet CAISO requirements not met by self-provision will be procured by

the CAISO as described in this CAISO Tariff. The amount of Ancillary Services procured in the IFM is based on the CAISO Forecast \ominus of CAISO Demand and the forecasted intertie schedules in the RTM for the Operating Hour net of (i) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services and (ii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of additional Ancillary Services procured in the RTM is based on the CAISO Forecast \ominus of CAISO Demand, the Day-Ahead Schedules established net interchange, and the forecast of the Intertie Schedules for the Operating Hour in the RTM net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, and (iii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of Ancillary Services procured in the Real-Time Market is based upon the CAISO Forecast \ominus of CAISO Demand and the net interchange for the Operating Hour from FMM Schedules net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, (iii) additional Operating Reserves procured in the FMM, and (iv) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The CAISO may procure incremental Ancillary Services in the Real-Time Market based in part on a determination during the FMM that any Ancillary Services capacity awarded or self-provided in the Day-Ahead Market is not available as a result of a resource constraint or Transmission Constraints. Resource constraints may include but are not limited to an Outage of a resource or Ramp Rate constraints. Incremental procurement in the Real-Time Market will exclude Ancillary Services Capacity the CAISO has determined is not available. The CAISO will manage the Energy from both CAISO-procured and Self-Provided Ancillary Services as part of the FMM and Real-Time Dispatch. In the Day-Ahead Market, the CAISO procures one-hundred (100) percent of its Ancillary Service requirements based on the Day-Ahead Demand Forecast net of Self-Provided Ancillary Services. After the Day-Ahead Market, the CAISO procures additional Ancillary

Services needed to meet system requirements from all resources in the Real-Time Market. The amount of Ancillary Services procured in the Real-Time Market is based on the CAISO Forecast ~~Of~~ CAISO Demand for the Operating Hour net of Self-Provided Ancillary Services.

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8.3.3.2 Criteria for Use of Ancillary Service Regions and Sub-Regions

The CAISO's use of an Ancillary Service Sub-Region occurs when the CAISO establishes a minimum or maximum limit for that Sub-Region. The CAISO's use of minimum and maximum procurement limits for Ancillary Services help to ensure that the Ancillary Services required in the CAISO Balancing Authority Area are dispersed appropriately throughout the CAISO Balancing Authority Area and accurately reflect the system topology and deliverability needs. The factors the CAISO will use in determining whether to establish or change minimum or maximum limits include, but are not limited to, the following: (a) the CAISO Forecast ~~Of~~ CAISO Demand₁₇; (b) the location of Demand within the Balancing Authority Area₁₁; (c) information regarding network and resource operating constraints that affect the deliverability of Ancillary Services into or out of an Ancillary Service Region₁₁; (d) the locational mix of generating resources₁₇; (e) generating resource Outages₁₇; (f) historical patterns of transmission and generating resource availability₁₇; (g) regional transmission limitations and constraints₁₇; (h) transmission Outages₁₇; (i) Available Transfer Capability₁₇; (j) Day-Ahead Schedules or FMM Schedules involving Intertie transactions₁₇; (k) whether any Ancillary Services provided from System Resources requiring a NERC tag fail to have a NERC tag₁₇; and (l) other factors affecting System Reliability. Ancillary Services procured within a Sub-Region count toward satisfying the Ancillary Service requirements for the System Region or the Expanded System Region.

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8.3.4 Certification and Testing Requirements

The owner of and Scheduling Coordinator for each resource for which a Bid to provide Ancillary Services or Submission to Self-Provide Ancillary Services is allowed under the CAISO Tariff, and all other System Resources that are allowed to submit a Bid to provide Ancillary Services under this CAISO Tariff, must comply with the CAISO's certification and testing requirements as contained in Appendix K and the CAISO's Operating Procedures. Each resource used to bid Regulation or used to self-provide Regulation must have been certified and tested by the CAISO using the process defined in Part A of Appendix K. Each Dynamic System Resource offering Regulation must comply with the Dynamic Scheduling Protocol in Appendix M. Each resource used to bid Spinning Reserve or used to self-provide Spinning Reserve must may be provided only from resources that have been certified and tested by the CAISO using the process defined in Part B of Appendix K. Each resource used to bid Non-Spinning Reserve or used to self-provide Non-Spinning Reserve must may be provided from resources that have been certified and tested by the CAISO using the process defined in Part C of Appendix K. CAISO certification to provide Ancillary Services may be revoked by the CAISO under the provisions of this CAISO Tariff, including Appendix K.

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8.10.8.4 Rescission of Ancillary Service Capacity Payments for Non-Generator Resources

~~THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.~~

For Non-Generator Resources, payment for Ancillary Service capacity will be rescinded, in accordance with the provisions of Section 11.10.9, to the extent the resource is unable as a result of its MWh constraint to generate Energy or consume Energy continuously to support its self-provision or award of Ancillary Services.

8.10.8.5 [NOT USED]

8.10.8.6 Rescission of Payments for Regulation Up and Regulation Down Capacity

~~THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.~~

Payment for Regulation Up and Regulation Down capacity will be rescinded, in accordance with the

provisions of Section 11.10.9, if the resource providing Regulation Up and Regulation Down capacity: (i) is off Regulation or off Automatic Generation Control, (ii) is not running, (iii) is not providing sufficient Regulating Range, (iv) is generating outside the Regulating Range, (v) has a Regulating Range that overlaps with its Forbidden Operating Regions, or (vi) has telemetry equipment that is not available. In addition to these criteria, payment for Regulation Up and Regulation Down capacity to Non-Generator Resources will be rescinded, in accordance with the provisions of Section 11.10.9, to the extent the resource is unable as a result of its MWh constraint to generate Energy (or curtail Energy consumption) continuously to support its self-provision or award of Regulation Up or unable as a result of its MWh constraint to consume Energy (or increase Energy consumption) continuously to support its self-provision or award of Regulation Down, whether or not the resources use Regulation Energy Management.

8.10.8.7 Rescission of Payments for Resource and Transmission Constraints

If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity is not available during the RTM as a result of a resource constraint, then payments for that capacity will be rescinded in accordance with Section 11.10 or, in the case of Self-Provided Ancillary Services capacity, that capacity will not be compensated at the user rate as described in Sections 11.10.2, 11.10.3 and 11.10.4.

If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity is not available during the RTM as a result of a Transmission Constraint, then payments for that capacity will not be rescinded, except as provided in section 11.10.9.1 for System Resources or, in the case of Self-Provided Ancillary Services capacity, that capacity will continue to be compensated at the user rate as described in Sections 11.10.2, 11.10.3 and 11.10.4.

For purposes of applying this Section to Dynamic Resources or Pseudo-Tie resources, the CAISO shall treat a reduction in the ~~Operating-Total~~ Transfer Capability at an Intertie between the Day-Ahead Market and RTM that is registered in the CAISO's outage management system pursuant to Section 9 as a Transmission Constraint. For all other constraints that cause the CAISO to determine that any Day-Ahead Market award for Ancillary Services capacity or Self-Provided Ancillary Services capacity from Dynamic Resource or Pseudo-Tie resources is not available, the CAISO shall treat these constraints as resource constraints.

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10.2.1.3 Provision of and Access to Settlement Quality Meter Data

Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in the applicable Business Practice Manual.

- For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully polled meters will be validated, estimated and edited by the CAISO to produce Settlement Quality Meter Data (actual), which will be made available to Scheduling Coordinators within ~~five-eight (85)~~ Business Days from the Trading Day (T+~~85~~B) and will be used in the Recalculation Settlement Statement T+12B calculation.
- In the event that Revenue Quality Meter Data remains unavailable at midnight on the eighth (8) Business Day after the Trading Day (T+8B) due to unsuccessfully polled meters or facility and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for CAISO Metered Entities for any outstanding metered Demand and/or Generation for the Recalculation Settlement Statement T+12B calculation as provided in Section 11.1.5.
- If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-eight (48) Business Days from the Trading Day (T+48C) and will be used in the Recalculation Settlement Statement T+55B calculation.

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10.3.2.2 Format for Data Submission

Scheduling Coordinators shall submit Settlement Quality Meter Data to the Settlement Quality Meter Data System for the Scheduling Coordinator Metered Entities they represent using one of the CAISO's approved Meter Data Exchange Formats. Subject to any exemption granted by the CAISO, Scheduling Coordinators must ensure that Settlement Quality Meter Data submitted to the CAISO is in intervals of five (5) minutes for EIM Interties, Loads providing Ancillary Services, and Generators providing Ancillary Services. Scheduling Coordinators for EIM Participating Resources or for Generators not providing Ancillary Services may elect to submit Meter Data in 5-minute or 15-minute intervals. Scheduling Coordinators for all other Scheduling Coordinator Metered Entities may elect to submit Meter Data in 5-minute, 15-minutes, or 60-minute intervals. Elections will be recorded by the CAISO, and may not be deviated from or revised except by application. The elected interval may not be a granularity lower than what may be programmed on the Scheduling Coordinator Metered Entity's physical meter(s) or as specified in the applicable Business Practice Manual.

Each Scheduling Coordinator shall submit Settlement Quality Meter Data in kWh or MWh values for all of the Scheduling Coordinator Metered Entities for which it is responsible, aggregated by the applicable market or resource level. Scheduling Coordinators are not required to submit values in the absence of Supply, Demand, or other participation in the CAISO Markets.

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10.3.6.5 Submission of Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for Reliability Demand Response Resources that Provide Demand Response Services in Real-Time

Each Scheduling Coordinator for a Demand Response Provider representing a Reliability Demand Response Resource that provides Demand Response Services only in Real-Time shall submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Reliability Demand Response Resource by ~~noon~~ midnight of the ~~fifth~~ eighth Business Day after the Trading Day (T+~~5~~8B) on which the Demand Response Services were provided, including Actual

Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for a Demand Response Event and for the forty-five (45) calendar days preceding the Trading Day for use in the CAISO's calculation of the Customer Load Baseline pursuant to Section 4.13.4.

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10.3.7.1 SQMD Plan

For Scheduling Coordinator Metered Entities that were not participating as such before April 10, 2017~~[[proposed effective date]]~~, or that repower, modify their Meter Data interval, or add generating capacity after April 10, 2017~~[[proposed effective date]]~~, the Scheduling Coordinators must submit an SQMD Plan to ensure that the Scheduling Coordinator will submit and maintain the integrity of Meter Data submitted to the CAISO for that Scheduling Coordinator Metered Entity. The SQMD Plan will describe how the Scheduling Coordinator will collect, maintain, aggregate, and submit Settlement Quality Meter Data in accordance with CAISO Tariff and, where applicable, Local Regulatory Authority metering and settlement standards. SQMD Plans will include detailed descriptions of the following, as applicable, for each Scheduling Coordinator Metered Entity or Scheduling Coordinator Metered Entity aggregation or calculation:

- (1) The type, programming, and configuration of all associated metering devices;
- (2) How the Scheduling Coordinator or its agent will collect, validate, aggregate, and submit associated Meter Data;
- (3) Single-line diagrams with professional engineer stamps (or equivalent) depicting the physical elements and relationships among the metering device(s);
- (4) Any calculation or algorithm to derive Settlement Quality Meter Data from the metering device(s);
- (5) Processes for aggregating individual Scheduling Coordinator Metered Entities and/or Resource IDs; and
- (6) Plans and schedules to perform regular tests of the metering devices and audit the associated Meter Data pursuant to CAISO Tariff requirements.

Proxy Demand Resources and Reliability Demand Response Resources may satisfy this requirement through the demand response registration process.

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10.3.7.5 Annual Affirmation

In addition to the auditing and testing requirements contained in its SQMD Plan, on an annual basis the Scheduling Coordinator Metered Entity must perform a self-assessment and affirm to the CAISO, in writing, that it has implemented and continues to comply with its SQMD Plan. Where the Scheduling Coordinator Metered Entity performs a self-assessment and determines that it will not be able to affirm its compliance to the CAISO, the Scheduling Coordinator Metered Entity will describe the issue to the CAISO and its plan to remedy the issue. The associated Scheduling Coordinator may continue to submit Meter Data for settlement while the CAISO reviews the plan to remedy the issue. Proxy Demand Resources and Reliability Demand Response Resources that have satisfied the SQMD Plan requirement through the demand response registration process are not required to submit an annual affirmation.

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11.5.2.2 Hourly Real-Time Demand Settlement

The Default LAP Hourly Real-Time Price will apply to CAISO Demand and MSS Demand under net Settlement of imbalance energy, except for CAISO Demand not settled at the Default LAP as provided in Section 30.5.3.2, and per the methodology as may be further defined in the Business Practice Manuals. For each Settlement Interval, the differences between the Day-Ahead Scheduled CAISO Demand and Metered Demand (MWh) is settled at the Default LAP Hourly Real-Time Price or the Custom LAP Hourly Real-Time Price, as appropriate. For each Default LAP, the CAISO calculates the applicable Default LAP Hourly Real-Time Price as the weighted average LMP of the four Default LAP FMM LMPs and the twelve (12) five-minute Default LAP RTD LMPs. The CAISO calculates the weighted average LMP for each Default LAP as the summation of the weighted average SMEC, the weighted average MCC, and the

weighted average MCL for that Default LAP. The CAISO calculates the weighted average SMEC, MCC, and MCL for each applicable Trading Hour based on the four applicable Default LAP FMM SMECs, MCCs, and MCLs, respectively, and the twelve (12) applicable Default LAP RTD SMECs, MCCs, and MCLs, respectively. For each Custom LAP, the CAISO calculates the applicable Custom LAP Hourly Real-Time Price as the weighted average LMP of the four Custom LAP FMM LMPs and the twelve (12) five-minute Custom LAP RTD LMPs. The CAISO calculates the weighted average LMP for each Custom LAP as the summation of the weighted average SMEC, the weighted average MCC, and the weighted average MCL for that Custom LAP. The CAISO calculates the weighted average SMEC, MCC, and MCL for each applicable Trading Hour based on the four applicable Custom LAP FMM SMECs, MCCs, and MCLs, respectively, and the twelve (12) applicable Custom LAP RTD SMECs, MCCs, and MCLs, respectively. In calculating the weighted average SMEC, MCC, and MCL for each hour for either the Default LAPs or Custom LAPs, the CAISO determines the weights based on the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM multiplied by the relevant FMM LMP at the applicable LAP plus the difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD multiplied by the relevant RTD LMP at the applicable LAP divided by the sum of the difference between Day-Ahead Schedules at the applicable LAP and the CAISO Forecast of CAISO Demand used in the FMM plus the difference between the CAISO Forecast of CAISO Demand used in the FMM and the CAISO Forecast of CAISO Demand used in the RTD. Furthermore, the Default LAP Hourly Real-Time Prices and the Custom LAP Hourly Real-Time Prices will be bounded by the maximum and the lowest LMP and its components, for the applicable Trading Hour from those relevant intervals at the relevant LAP. If the calculated price exceeds the upper boundary or is below the lower boundary, then the Default LAP Hourly Real-Time Price or the Custom LAP Hourly Real-Time Price, as appropriate, instead will be calculated based on a weighted average price with the weightings based on gross deviations (absolute value of each deviation).

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11.5.7 Congestion Credit and Marginal Cost of Losses Credit

11.5.7.1 RTM Congestion Credit for ETCs and TORs

The CAISO shall not apply charges or payments to Scheduling Coordinators related to the MCC associated with all Points of Receipt and Points of Delivery pairs associated with valid and balanced ETC Self-Schedules or TOR Self-Schedules after the Day-Ahead Market. The balanced portion for each ETC or TOR contract for each Settlement Interval will be based on the difference between: (1) the minimum of (a) the total Demand, (b) the total ETC or TOR Supply Self-Schedule submitted in RTM, including changes after twenty (20) minutes before the applicable Trading Hour if such change is permitted by the Existing Contract, or (c) the Existing Contract maximum capacity as specified in the TRTC Instructions; and (2) the valid and balanced portion of the Day-Ahead Schedule. In determining the balanced portions, the CAISO evaluates the amounts based on the following variables: (a) for exports and imports, the CAISO shall use the schedule quantity specified in the Interchange schedule used for check out between CAISO and other Balancing Authority Areas; (b) for CAISO Demand, the CAISO shall use the metered CAISO Demand associated with the applicable ETC or TOR; and (c) for all Generation the CAISO shall use the quantity specified in the Dispatch Instructions. For each Scheduling Coordinator, the CAISO shall determine for each Settlement Interval the applicable RTM Congestion Credit for FMM Instructed Imbalance Energy or RTD Instructed Imbalance Energy, which can be positive or negative, as the sum of the product of the relevant MWh quantity and the applicable weighted average MCC at each Point of Receipt and Point of Delivery associated with the valid and balanced portions of that Scheduling Coordinator's ETC or TOR Self-Schedules. The weights in the two markets will be based on the absolute values of the (a) deviation of the FMM Schedule or the CAISO Forecast ~~of~~ CAISO Demand used in the FMM from Day-Ahead Schedules and (b) deviation of the RTD schedule or the CAISO Forecast ~~of~~ CAISO Demand used in the RTD from Day-Ahead Schedules.

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12.1 Credit and Minimum Participation Requirements

- (a) The creditworthiness and minimum participation requirements in this section apply to the CAISO's acceptance of any transaction in a CAISO Market, to the payment of charges pursuant to the CAISO Tariff (including the Grid Management Charge), and to establish credit limits for participation in any CAISO auction of CRRs and to CRR Holders for the holding of CRRs. Each Market Participant that has a direct financial relationship with the CAISO (including each Scheduling Coordinator, UDC, MSS, CRR Holder, or Candidate CRR Holder) shall secure its financial transactions with the CAISO (including its participation in any auction of CRRs and for the holding of CRRs) by maintaining an Unsecured Credit Limit and/or by posting Financial Security, the level of which constitutes the Market Participant's Financial Security Amount. For each Market Participant, the sum of its Unsecured Credit Limit and its Financial Security Amount shall represent its Aggregate Credit Limit. Each Market Participant shall have the responsibility to maintain an Aggregate Credit Limit that is at least equal to its Estimated Aggregate Liability.
- (b) In order to participate in the CAISO Markets, each prospective Market Participant or existing Market Participant with a direct financial relationship with the CAISO must satisfy all of the following minimum participation requirements:
- (i) Provide the CAISO annually, as detailed in the Business Practice Manual, a certified statement executed by an officer of the prospective or existing Market Participant certifying that the prospective or existing Market Participant has met the following criteria and relevant requirements consistent with these criteria set forth in the Business Practice Manual:
- (1) Has undergone training commensurate and proportional in sophistication, scope, and frequency to the volume of transactions and the nature and extent of the risk taken by the prospective or existing Market Participant, including but not limited to any applicable CAISO training requirements as specified in Sections 4.5.1.1.10.1 and 36.5.2;
 - (2) Has and maintains written policies, procedures, and controls approved

by the appropriate officer or corporate authority of the prospective or existing Market Participant's governing body which provide an appropriate, comprehensive risk management framework that, at a minimum, clearly identifies and documents the range of risks to which the prospective or existing Market Participant is exposed, including, but not limited to, legal risk, credit risk, liquidity risk, risk of loss of financial security amounts held and invested by the CAISO, investment risk, concentration risk, default risk, operation risk, market risk, and business risk;

- (3) To the extent the Market Participant engages in the CRR market, the Market Participant must demonstrate that it has policies in place that are consistent with generally accepted industry risk management standards;
 - (4) Has appropriate personnel resources, operating procedures and technical abilities to promptly and effectively respond to all CAISO communications and directions, including, but not limited to, the CAISO's issuance of invoices and collateral requests to the prospective or existing Market Participant; and
 - (5) Satisfies the requirements of Section 12.1(b)(iv).
- (ii) Provide annually for CAISO review and verification, as detailed in the Business Practice Manual, the risk management policies, procedures, and controls applicable to the CRR trading activities of the prospective or existing Market Participant, if the prospective or existing Market Participant has a CRR portfolio that meets the applicable risk criterion set forth in the Business Practice Manual.
- (iii) Satisfy the following capitalization requirements:
- (1) Pursuant to Sections 12.1 and 12.1.1, the prospective or existing Market Participant or its guarantor must have at least \$1 million in Tangible Net Worth or \$10 million in total assets, or post Financial Security using one or more of the forms specified in Section 12.2 ~~(a) through (e)~~ in the

amounts set forth below. In the event the prospective or existing Market Participant must post Financial Security, that financial security will not be added to Market Participant's Aggregate Credit Limit and, therefore, cannot be used to meet Market Participant's minimum credit requirements to participate in a Congestion Revenue Rights auction or to offset any market obligations as reflected in Market Participant's Estimated Aggregate Liability. However, all Financial Security in any form may be used to satisfy any financial obligation of the Market Participant.

(2) \$500,000 for a prospective or existing Market Participant with fewer than six (6) months of CAISO Market activity; \$100,000 for an existing Market Participant with six (6) months or more of CAISO Market activity and whose highest Estimated Aggregate Liability for the preceding six (6) months is less than or equal to \$100,000; or \$500,000 for an existing Market Participant with six (6) months or more of market activity and whose highest Estimated Aggregate Liability for the preceding six (6) months is greater than \$100,000.

(3) The CAISO will review whether the prospective or existing Market Participant continues to satisfy the capitalization requirements set forth in Section 12.1(iii)(a). The CAISO will conduct such a review every six (6) months, when new financial statements are posted for the prospective or existing Market Participant, or when an increase in CAISO Market activity causes the Market Participant's Estimate Agreement Liability to exceed \$100,000.

(iv) At all times satisfy the requirements to be one or more of the following:

(1) An "appropriate person" as defined in sections 4(c)(3)(A) through (J) of the Commodity Exchange Act;

- (2) An “eligible contract participant,” as defined in section 1a(18)(A) of the Commodity Exchange Act and in 17 CFR 1.3(m); or
- (3) In the business of generating, transmitting, or distributing electric energy as defined in the Final Order of the Commodity Futures Trading Commission at 78 Fed. Reg. 19879.

As an alternative to satisfying (1), (2) or (3), a Market Participant that participates as a Scheduling Coordinator only, and not as a CRR Holder, Candidate CRR Holder or a Convergence Bidding Entity, satisfies this Section 12.1(b)(iv) if it is in the business of providing electric energy services that are necessary to support the reliable operation of the transmission system, as defined in the Final Order of the Commodity Futures Trading Commission at 78 Fed. Reg. 19879.

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12.4.1 Resolution of a CAISO Request for Additional Security Amount

A Market Participant has two (2) Business Days to resolve a CAISO request for additional Financial Security. Within the two (2) Business Days, the Market Participant must either demonstrate to the CAISO’s satisfaction that the CAISO’s Financial Security request is entirely or partially unnecessary, or post the required Financial Security Amount calculated by the CAISO. If the CAISO and the Market Participant are unable to agree on the appropriate level of Financial Security during the two (2) Business Day review period, the Market Participant must post the additional Financial Security and may continue with the dispute process described in Section 12.4.2. Any excess Financial Security Amounts will be returned to the Market Participant if the dispute process finds in favor of the Market Participant.

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12.6.2 Credit Requirements for CRR Auctions

12.6.2.1 Credit Requirements Applicable to an Entity Other than a Federal Agency

To establish available credit for participating in any CRR Auction, each CRR Holder or Candidate CRR Holder that is not a federal agency must satisfy the credit requirements set forth in Section 12.1 and provide Financial Security using one or more of the forms identified in Section 12.2 ~~(a) through (e)~~ to secure the right to participate in the CAISO's CRR Auctions as set forth below. In order to participate in an annual CRR Auction, the CRR Holder or Candidate CRR Holder must have Financial Security using one or more of the forms identified in Section 12.2 ~~(a) through (e)~~ in an amount that is the greater of \$500,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the annual CRR Auction. In order to participate in a monthly CRR Auction, the CRR Holder or Candidate CRR Holder must have Financial Security using one or more of the forms identified in Section 12.2 ~~(a) through (e)~~ in an amount that is the greater of \$100,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the monthly CRR Auction. The maximum credit exposure of a positively valued CRR bid is the maximum value of the CRR Holder's or Candidate CRR Holder's bid quantity (MW) multiplied by the sum of the bid price corresponding to the bid quantity and the Credit Margin of the CRR within the range of the minimum and maximum bid quantities submitted by the CRR Holder or Candidate CRR Holder. The maximum credit exposure of a negatively valued CRR bid is the maximum bid quantity (MW) submitted by the CRR Holder or Candidate CRR Holder multiplied by the Credit Margin of the CRR.

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12.6.3 Credit Requirements for the Holding of CRRs

12.6.3.1 Credit Requirements Generally

- (a) Each CRR Holder that is not a federal agency, whether it obtains CRRs through a CRR Allocation or a CRR Auction, must maintain Financial Security utilizing one or more of the forms specified in Section 12.2 ~~(a) through (e)~~ that meets or exceeds the credit requirement of the CRR portfolio determined as described in this Section 12.6.3. Each

CRR Holder that is a federal agency, whether it obtains CRRs through a CRR Allocation or a CRR Auction, must provide to the CAISO a letter, executed by an officer of the CRR Holder, that satisfies all of the following requirements: (1) attests that the federal agency is lawfully authorized to obtain the CRRs and that any debt the federal agency incurs due to holding the CRRs is a debt of the United States; (2) identifies the current year's appropriations for the federal agency from the United States Congress; and (3) verifies that the amount of the current year's appropriations for the federal agency from the United States Congress meets or exceeds the credit requirement for the CRR portfolio determined as described in this Section 12.6.3. The provision of such an executed letter to the CAISO shall constitute sufficient Financial Security for the federal agency to hold the CRRs.

- (b) Each CRR Holder shall be required to ensure that its Financial Security is sufficient to satisfy the credit requirements described in this Section 12.6.3. Except as provided in this paragraph, CRRs are evaluated on a portfolio basis as follows. If a CRR Holder owns more than one (1) CRR, such CRR Holder shall be subject to an overall credit requirement that is equal to the sum of the individual credit requirements applicable to each of the CRRs held by such CRR Holder, which is calculated after the MW associated with any Offsetting CRRs are netted out. If this sum is positive, the amount will be added to the CRR Holder's Estimated Aggregate Liability. However, if the sum is negative, the CRR Holder's Estimated Aggregate Liability shall not be reduced. If a CRR Holder holds one (1) or more CRRs obtained through a CRR Allocation and also holds one (1) or more CRRs obtained through a CRR Auction, the individual credit requirements applicable to any of the CRRs obtained through a CRR Allocation may not be netted against the individual credit requirements applicable to any of the CRRs obtained through a CRR Auction in determining such CRR Holder's Estimated Aggregate Liability.
- (c) The CAISO shall reevaluate the credit requirements for holding CRRs, and shall adjust the credit requirements accordingly, not less than monthly. The CAISO may adjust the

credit requirements for holding CRRs with terms of one (1) year or less at the CAISO's discretion to account for changes in the monthly auction prices for CRRs and changes in the Historical Expected Values for CRRs, or more frequently than monthly if necessary if the CAISO finds that actual or anticipated market conditions indicate that CRR credit requirements may be inadequate to cover the financial risk of the CRRs. The CAISO may also adjust the credit requirements for holding Long Term CRRs annually to reflect the changes in auction prices of one-year CRRs in annual auctions and changes in the Historical Expected Values for CRRs, and to reflect updates to Credit Margins based on actual Locational Marginal Price data derived from market operations. Whenever the CAISO requests additional Financial Security from a Market Participant as a result of a change in CRR value that is not related to an adjustment due to the monthly CRR Auction Price or an adjustment related to Historical Expected Value, the CAISO will provide a written explanation of the reason for that request. Any additional Financial Security must be in one or more of the forms specified in Section 12.2-(a) through (e).

- (d) In cases where the ownership of a CRR is to be transferred through the Secondary Registration System, the CAISO shall evaluate and adjust the credit requirements for both the current owner of the CRR and the prospective owner of the CRR as appropriate prior to the transfer. If additional Financial Security is required from either the current or prospective owner, the transfer will not be completed until such Financial Security has been provided to and accepted by the CAISO. CRRs transferred through the Secondary Registration System will be treated like auctioned CRRs for the purpose of calculating the credit requirements for holding the CRRs, regardless of whether the CRRs were originally allocated or purchased at auction or acquired through the Secondary Registration System. CRRs assigned to Load-gaining or Load-losing Load Serving Entities as a result of Load Migration will be treated like allocated CRRs for the purpose of calculating the credit requirements for holding the CRRs. Any additional Financial Security must be in one or more of the forms specified in Section 12.2-(a) through (e).

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12.6.3.4 Calculation of Credit Margin

The Credit Margin (\$/MW) for a CRR is equal to (i) the Expected Congestion Revenue minus (ii) the Fifth Percentile Congestion Revenue of such CRR. Both values will be based on the probability distribution of Congestion revenue of such CRR calculated using historical Locational Marginal Price data, when available, and proxy values, including data taken from Locational Marginal Price studies conducted by the CAISO, until such time as historical Locational Marginal Price data is available, with the details of such calculation published in a Business Practice Manual. The CAISO may reassess its determinations regarding the Credit Margin determination at any time and shall require additional Financial Security if the reassessment results in an increase in a CRR Holder's CRR credit requirements that are not covered by the CRR Holder's Financial Security. Any additional Financial Security must be in one or more of the forms specified in Section 12.2. ~~(a) through (e)~~

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13.1.4 Disputes Arising Under Section 11

In the case of a dispute of a Settlement Statement under section 11.29.8.4.2, 11.29.8.4.4, 11.29.8.4.5, 11.29.8.4.6, or 11.29.8.4.8, a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO must initiate any good faith negotiation or other dispute resolution remedy under this Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under such section.

* * * * *

17.3.4 Notification to SCs of CAISO Determination

After performing validation of the TOR Self-Schedule, and prior to taking any action pursuant to 17.36-2, the CAISO will make an automated validation notice available to the Scheduling Coordinator indicating

whether the TOR Self-Schedule is valid or invalid. If a TOR Self-Schedule involves more than one Scheduling Coordinator, the complete validation of the chain of TOR Self-Schedules will occur when the last Scheduling Coordinator submits its TOR Self-Schedule. At that time, the CAISO will make an automated validation notice available to each Scheduling Coordinator registered as associated with the chain of TOR Self-Schedules. The CAISO can accommodate corrections submitted by a Scheduling Coordinator to a TOR Self-Schedule up to Market Close of the Day-Ahead Market as further described in the applicable Business Practice Manual.

* * * * *

20.2 Confidential Information

The following information provided to the CAISO shall be treated by the CAISO as confidential:

- (a) individual Bids;
- (b) CRR bids and other CRR Allocation nomination information;
- (c) transactions between Scheduling Coordinators, including Inter-SC Trades;
- (d) individual Generator Outage programs unless a Generator makes a change to its Generator Outage program which causes Congestion in the short term (i.e. one month or less), in which case, the CAISO may publish the identity of that Generator; and
- (e) The following information related to the resource adequacy program in accordance with Section 40:
 - (i) Annual and monthly Resource Adequacy Plans and Supply Plans;
 - (ii) Demand Forecasts; and
 - (iii) Information on existing import contracts.
- (f) The following information related to the Transmission Planning Process in accordance with Section 24:
 - (i) Information received under Sections 24.~~82.3.2~~ and 24.2.3.3_ to the extent such information has been designated as confidential in accordance with the Business Practice Manual;

- (ii) Information deemed confidential by DMM, per Section 8.6 of Appendix P;
- (iii) Information received by the CAISO pursuant to agreements and contracts, executed prior to December 21, 2007, that preclude the release of the information;
- (iv) Information that involves proprietary analytical tools, computer codes, or any other material that is protected by intellectual property rights held by the CAISO, Project Sponsor, Market Participant or other third-party; and
- (v) Critical Energy Infrastructure Information.

However, composite documents, data, and other information that may be developed based on confidential information under this Section shall not be deemed confidential if the composite documents, data, and other information do not disclose any confidential information of any individual Scheduling Coordinator, Market Participant, or other third-party or Critical Energy Infrastructure Information.

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24.5.1 Competitive Solicitation Process

According to the schedule set forth in the Business Practice Manual, in the month following the CAISO Governing Board's approval of the comprehensive Transmission Plan, the CAISO will initiate a period of at least ten (10) weeks that will provide an opportunity for Project Sponsors to submit specific proposals to finance, own, and construct the Regional Transmission Facilities subject to competitive solicitation identified in the comprehensive Transmission Plan. If the transmission solution adopted in Phase 2 involves an upgrade or improvement to, addition on, or a replacement of a part of an existing Participating TO facility, the Participating TO will construct and own such upgrade, improvement, addition or replacement facilities unless a Project Sponsor and the Participating TO agree to a different arrangement. For Regional Transmission Facilities with capital costs of \$50 million or less that were approved by CAISO management before Governing Board approval of the comprehensive Transmission Plan, the ten week period will be initiated following management approval of the facility, and the Project Sponsor selection process may follow an accelerated schedule described in the Business Practice Manual. Such

proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to: (1) enable the CAISO to determine whether the Project Sponsor meets the qualification criteria specified in section 24.5.3.1; (2) enable the CAISO to determine whether a Project Sponsor's proposal meets the proposal qualification criteria in section 24.5.3.2; and (3) enable the CAISO, if there are multiple qualified Project Sponsors bidding on the same Regional Transmission Facility, to conduct a comparative analysis of the proposals and Project Sponsors and select an Approved Project Sponsor as described in section 24.5.3.5. The project proposal will identify the authorized governmental body from which the Project Sponsor will seek siting approval for the project. Within 30 days after the CAISO posts the draft comprehensive Transmission Plan to its website, for each Regional Transmission Facility identified in the comprehensive Transmission Plan that is subject to competitive solicitation, the CAISO will post, for informational purposes only, those existing qualification criteria and selection factors, in addition to any binding cost containment commitments, which the CAISO believes are key for purposes of selecting an Approved Project Sponsor for the particular transmission solution, consistent with the comparative analysis described in section 24.5.4 and the project sponsor qualification and selection criteria specified in sections 24.5.3.1 and 24.5.4, respectively. The posting of such key criteria is solely intended to provide information to Project Sponsors to assist them in the preparation of their applications and to highlight specific topics to which particular attention should be paid in the application given their importance in connection with a particular Regional Transmission Facility. The posting of the key selection criteria is not a replacement or substitute for the qualification and selection criteria set forth in sections 24.5.3.1 and 24.5.4, and in its comparative analysis conducted in accordance with section 24.5.4, the CAISO is required to comparatively assess all of the qualification and selection criteria, not just those listed as key selection criteria. In its posting of the key selection criteria, the CAISO cannot add new or different criteria than those already specified in sections 24.5.3.1 and 24.5.4. To determine the key criteria for each transmission solution subject to competitive solicitation, the ISO will consider: (1) the nature, scope and urgency of the need for the transmission solution; (2) expected severity of siting or permitting challenges; (3) the size of the transmission solution, potential financial risk associated with the transmission solution, expected capital cost magnitude, cost overrun likelihood and the ability of the Project Sponsor to contain costs; (4) the degree of permitting, rights-of-

way, construction, operation and maintenance difficulty; (5) risks associated with the construction, operation and maintenance of the transmission solution ; (6) technical and engineering design difficulty or whether specific expertise in design or construction is required; (7) special circumstances or difficulty associated with topography, terrain or configuration; (8) specific facility technologies or materials associated with the transmission solution; (9) binding cost containment measures, including cost caps; (10) abandonment risk; and (11) whether the overall cost of the transmission solution impacts the CAISO's prior determination of, and inclusion in, the comprehensive Transmission Plan of the more efficient or cost effective solution during Phase 2 of the transmission planning process.

The posting of the key selection criteria shall not undermine the CAISO's prior determination in Phase 2 of the transmission planning process of the more efficient or cost-effective transmission solution to be reflected in the comprehensive Transmission Plan, nor shall the posting of the key criteria replace or be inconsistent with the CAISO's obligation under section 24.5.4 to undertake a comparative analysis of each Project Sponsor with respect to each Project Sponsor qualification and selection criterion. If the CAISO determines in Phase 2 of the transmission planning process that more than one transmission solution could constitute the more efficient or cost-effective solution to meet a specific identified need depending on the outcome of the competitive solicitation, the CAISO shall have the authority to identify more than one potential transmission solution in the comprehensive Transmission Plan. Under those circumstances, based on the outcome of the competitive solicitation, the CAISO will make the final determination of which alternative transmission solution identified in the Board-approved comprehensive Transmission Plan constitutes the more efficient or cost-effective transmission solution to be selected for construction.

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24.14 Cost Responsibility for Transmission Additions or Upgrades

Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24 ~~(including the responsibility for any costs incurred under Section 24.11)~~ shall be determined as follows:

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25.1.2 Affidavit Requirement

If the owner of a Generating Unit described in Section 25.1(d) or (e), or its designee, represents that the total generating capability and electrical characteristics of the Generating Unit will be substantially unchanged, then that entity must submit an affidavit to the CAISO and the applicable Participating TO representing that the total generating capability and electrical characteristics of the Generating Unit have remained substantially unchanged. However, if there is any change to the total generating capability and electrical characteristics of the Generating Unit, the affidavit shall include supporting information describing any such changes and a \$50,000 deposit for the study. The CAISO, in coordination with the applicable Participating TO, will evaluate whether the total generating capability or electrical characteristics of the Generating Unit have substantially changed or will substantially change. The CAISO may engage the services of the applicable Participating TO in conducting such verification activities. Costs incurred by the CAISO and Participating TO (if any) shall be borne by the party making the request under Section 25.1.2, and such costs shall be included in a CAISO invoice for verification activities.

* * * * *

26.1.4.3 Disbursement of Wheeling Revenues

The CAISO shall collect and pay to Participating TOs and other entities as provided in Section 24.140.3 all Wheeling revenues at the same time as other CAISO charges and payments are settled. For Wheeling revenues associated with CRRs allocated to Load Serving Entities outside the CAISO Balancing Authority Area, the CAISO shall pay to the Participating TOs and other entities as provided in Section 24.10.3 any excess prepayment amounts within thirty (30) days of the end of the term of the CRR Allocation. The CAISO shall provide to the applicable Participating TO and other entities as provided in Section 24.140.3 a statement of the aggregate amount of Energy delivered to each Scheduling Coordinator using such Participating TO's Scheduling Point to allow for calculation of Wheeling revenue

and auditing of disbursements. Wheeling revenues shall be disbursed by the CAISO based on the following:

26.1.4.3.1 Scheduling Point with All Participating TOs in the Same TAC Area

With respect to revenues received for the payment of Regional Wheeling Access Charges for Wheeling to a Scheduling Point at which all of the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in the same TAC Area, Wheeling revenues shall be disbursed to each such Participating TO based on the ratio of each Participating TO's Regional Transmission Revenue Requirement to the sum of all such Participating TOs' Regional Transmission Revenue Requirements. If the Scheduling Point is located at a Local Transmission Facility, revenues received with respect to Local Wheeling Access Charges for Wheeling to that Scheduling Point shall be disbursed to the Participating TOs that own facilities and Entitlements making up the Scheduling Point in proportion to their Local Transmission Revenue Requirements. Additionally, if a Participating TO has a transmission upgrade or addition that was funded by a Project Sponsor, the Wheeling revenue allocated to such Participating TO shall be disbursed as provided in Section 24.140.3.

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27.4.1 Security Constrained Unit Commitment

The CAISO uses SCUC to run the MPM process associated with the DAM and the RTM. SCUC is conducted over multiple varying intervals to commit and schedule resources as follows: (1) in the Day-Ahead time frame, to meet Demand reflected in Bids submitted in the Day-Ahead Market and considered in the MPM process and IFM, and to procure AS in the IFM; (2) to meet the CAISO Forecast of CAISO Demand in the RUC, HASP, STUC and FMM, and in the MPM process utilized in the HASP and RTM; and (3) to procure any incremental AS in the RTM, and (4) to procure Flexible Ramping Product in the RTM. In the Day-Ahead MPM, IFM and RUC processes, the SCUC commits resources over the twenty-four (24) hourly intervals of the next Trading Day. In the FMM, which runs every fifteen (15) minutes and commits resources for the RTM, the SCUC optimizes over a number of 15-minute intervals corresponding to the Trading Hours for which the Real-Time Markets have closed. The Trading Hours for which the

Real-Time Markets have closed consist of (a) the Trading Hour in which the applicable run is conducted and (b) all the fifteen-minute intervals of the entire subsequent Trading Hour. In the HASP, which runs once per hour, the SCUC: (1) accepts and awards HASP Block Intertie Schedules for Energy and Ancillary Services, respectively; (2) provides HASP Advisory Schedules to Economic Hourly Block Bids with Intra-Hour Option that will change for economic reasons at most once in the Trading Hour; and (3) provides HASP Advisory Schedules to all other participants in the RTM. In the STUC, which runs once an hour, the SCUC commits resources over the last fifteen (15) minutes of the imminent Trading Hour and the entire next four Trading Hours. The CAISO will commit Extremely Long Start Resources, for which commitment in the DAM does not provide sufficient time to Start-Up and be available to supply Energy during the next Trading Day as provided in Section 31.7.

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30.5.2 Supply Bids

30.5.2.1 Common Elements for Supply Bids

In addition to the resource-specific Bid requirements of this Section, all Supply Bids must contain the following components: Scheduling Coordinator ID Code; Resource Location or Resource ID, as appropriate; MSG Configuration ID, as applicable; PNode or Aggregated Pricing Node as applicable; Energy Bid Curve; Self-Schedule component; Ancillary Services Bid; RUC Availability Bid as applicable, the CAISO Market to which the Bid applies; Trading Day to which the Bid applies; Priority Type (if any), and a Transaction ID as created by the CAISO. Supply Bids offered in the CAISO Markets must be monotonically increasing. Energy Bids in the RTM must also contain a Bid for Ancillary Services to the extent the resource is certified and capable of providing Ancillary Service in the RTM up to the registered certified capacity for that Ancillary Service less any Day-Ahead Ancillary Services Awards.

Scheduling Coordinators must submit the applicable Supply Bid components, including Self-Schedules, for the submitted MSG Configuration.

Scheduling Coordinators submitting Bids for Scheduling Points must adhere to the e-Tagging requirements outlined in Section [30.5.76-2](#).

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30.7.3.4 Validation after Market Close

To the extent that a Scheduling Coordinator fails to enter a Bid for a resource that is required to submit a Bid in the full range of available capacity consistent with the bidding provisions of Section 30 or the Resource Adequacy provisions of Section 40, the CAISO will create a Bid for the Scheduling Coordinator, which is referred to as the Generated Bid. This does not apply to Load-following MSSs. The Generated Bid will be created only after the Market Close for the DAM and will be based on data registered in the Master File, and, if applicable, published natural gas pricing data and published pricing data for greenhouse gas allowances. The Generated Bid components will be calculated as set forth in Sections 30 and 40.6.8. The Scheduling Coordinator may view Generated Bids, but may not modify such Bids. The CAISO will provide notice to the Scheduling Coordinator of the use of a Generated Bid prior to Market Clearing of the IFM. In addition, validation of export priority pursuant to Sections 31.4 and 34.129.1 and Wheeling Through transactions pursuant to Section 30.5.4 occur after the Market Close for the DAM.

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31. Day-Ahead Market

The DAM consists of the following functions performed in sequence: the MPM, IFM, and RUC. Scheduling Coordinators may submit Bids for Energy, Ancillary Services and RUC Capacity for an applicable Trading Day. The CAISO shall issue Schedules for all Supply and Demand, including Participating Load, Reliability Demand Response Resources, and Proxy Demand Resources, pursuant to their Bids as provided in this Section 31. ~~The CAISO may issue Schedules for Supply from Proxy Demand Resources only where the CAISO's conditions of the net benefits test set forth in Section 30.6.3 necessary for the issuance of Schedules for Supply from the Proxy Demand Resources have been satisfied.~~

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34.2.1 The HASP Optimization

The Hour-Ahead Scheduling Process is a Real-Time Market process and a special run of the RTUC through which the CAISO accepts or rejects the following Bids submitted by Scheduling Coordinators at Scheduling Points: (1) Self-Schedule Hourly Blocks for Energy and Ancillary Services, (2) VER Self-Schedules for Energy, (3) Economic Hourly Block Bids for Energy and Ancillary Services, and (4) Economic Hourly Block Bids with Intra-Hour Option for Energy and providing an hourly schedule that can be changed at most once in the Trading Hour. The CAISO also produces advisory Energy schedules and Ancillary Services awards. Through the HASP, the CAISO may also issue binding unit commitment instructions for any resource participating in the RTM. After the Market Close for the RTM for the relevant Trading Hour, the RTM Bids have been validated, and the RTM Bids have been mitigated and the MPM process has been performed, the CAISO then conducts the HASP optimization. The CAISO does not accept Bids for CAISO Demand for any of the Real-Time Market processes. Therefore, CAISO clears Supply Bids against the CAISO Forecast \ominus of CAISO Demand plus submitted Export Bids, to the extent the Export Bids are selected in the MPM process. The HASP optimization also factors in forecasted unscheduled flow at the Interties, as do all the Real-Time Market processes. The HASP optimization does not produce Settlement prices for Energy or Ancillary Services and the CAISO settles all Bids accepted through the HASP based on FMM Schedules and Awards and FMM LMPs and ASMPs.

34.2.2 Treatment of Self-Schedules in HASP

The HASP optimization does not adjust submitted Self-Schedule Hourly Blocks for Energy or Ancillary Services, or Self-Scheduled Variable Energy Resources unless it is not possible to balance Supply and the CAISO Forecast \ominus of CAISO Demand plus Export Bids and manage Congestion using the available Economic Bids, in which case the HASP performs non-economic adjustments to Self-Schedules to accommodate operational restrictions. Once accepted, Self-Schedule Hourly Blocks for Energy or Ancillary Services are considered as Self-Schedules or Self-Provision, respectively, in each of the four FMM intervals. For accepted Variable Energy Resource Self-Schedules from external resources that are

not Dynamic Schedules, the CAISO uses the Self-Schedule in the HASP optimization and the Scheduling Coordinator can update the Self-Schedule based on the most current Energy forecast, if it is qualified to do so by the CAISO and the Scheduling Coordinator registers it as such in the Master File. The HASP produces advisory MWh schedules for each of the four fifteen-minute intervals for FMM Economic Bids cleared in HASP, which can vary from the MWhs schedules cleared in the FMM. The MWh quantities of Self-Schedules of Supply that clear in the HASP constitute a feasible Dispatch for the Real-Time Market at the time HASP is executed, but the HASP results do not constitute a final Schedule for Generating Units because these resources may be adjusted for reasons other than economics in the FMM or RTD, if necessary to manage Congestion and clear Supply and Demand. The submission of a change to an ETC Self-Schedule beyond the deadline specified in Section 16.9.1, that is permitted pursuant to the terms of the applicable ETC, shall not be deemed to be an unbalanced ETC Self-Schedule for the purposes of Settlement, consistent with the ETC and TOR Self-Schedule Settlement treatment described in Section 11.5.7.

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34.4 Fifteen Minute Market

The CAISO conducts the Fifteen Minute Market using the second interval of each RTUC run horizon as follows: (1) at approximately 7.5 minutes prior to the first Trading Hour, for T-45 minutes to T+60 minutes where the binding interval is T-30 to T-15; (2) at approximately 7.5 minutes into the current hour for T-30 minutes to T+60 minutes where the binding interval is T-15 to T; (3) at approximately 22.5 minutes into the current hour for T-15 minutes to T+60 minutes for the binding interval T to T+15; and (4) at approximately 37.5 minutes into the current hour for T to T+60 minutes for the binding interval T+15 to T+30, where T is the beginning of the next Trading Hour. In these intervals the CAISO conducts the FMM to (1) determine financially binding FMM Schedules and corresponding LMPs for all Pricing Nodes, including all Scheduling Points; (2) determine financially and operationally binding Ancillary Services Awards and corresponding ASMPs, procure required additional Ancillary Services and calculate ASMP used for settling procured Ancillary Service capacity for the next fifteen-minute Real-Time Ancillary

Service interval for all Pricing Nodes, including Scheduling Points; (3) determine LAP LMPs that are the basis for settling Demand; and (4) determine FMM Uncertainty Awards. In any FMM interval that falls within a time period in which a Multi-Stage Generating Resource is transitioning from one MSG Configuration to another MSG Configuration, the CAISO: (1) will not award any incremental Ancillary Services; (2) will disqualify any Day-Ahead Ancillary Services Awards; (3) will disqualify Day-Ahead qualified Submissions to Self-Provide Ancillary Services Award, and (4) will disqualify Submissions to Self-Provide Ancillary Services in RTM. Each particular FMM market optimization produces binding settlement prices for Energy, Flexible Ramping Product, and Ancillary Services for the first FMM interval in the FMM horizon but the optimization considers the advisory results from subsequent market intervals within the FMM horizon. The CAISO settles Hourly Intertie Schedules and Hourly Ancillary Services Awards accepted in the HASP as FMM Schedules and FMM Ancillary Services Awards in accordance with Section 11.5 and 11.10.1.2, respectively. In the event that a FMM run fails, the CAISO reverts to Day-Ahead Market Ancillary Services Awards and RUC Schedules results corresponding to the same interval, or the corresponding interval from the previous RTUC. The FMM will clear Supply against the CAISO Forecast ~~Q~~of CAISO Demand and exports. The FMM issues Energy Schedules and Ancillary Services Awards by twenty-two and a half minutes prior to the binding fifteen-minute interval.

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34.6 Short-Term Unit Commitment

Once per hour, near the top of each Trading Hour, immediately after the FMM and the RTUC for the same interval is completed the CAISO performs an approximately five (5) hour Short-Term Unit Commitment (STUC) run using SCUC and the CAISO Forecast ~~Q~~of CAISO Demand to commit Medium Start Units and Short Start Units with Start-Up Times greater than the time period covered by the RTUC described in Section 34.3. In any given Trading Hour, the STUC may commit resources for the third fifteen-minute interval of the current Trading Hour and extending into the next four (4) Trading Hours. The STUC looks ahead over a period of at least three (3) hours beyond the Trading Hour for which the RTUC optimization was run. STUC will utilize: (1) Bids previously submitted in the RTM by the

Scheduling Coordinator for that Trading Hour; or (2) the Clean Bid from the Day-Ahead Market if the resource has a Day-Ahead Schedule or received a Start-Up Instruction in RUC for the Trading Hour; or (3) the Generated Bid if the resource has a Real-Time must-offer obligation for that Trading Hour and has not submitted a Bid in the RTM. The CAISO revises these replicated Bids each time the hourly STUC is run, to utilize the most recently available Bids. Not all resources identified for need as a given STUC run will necessarily receive CAISO commitment instructions immediately, because during the Trading Day the CAISO may issue a commitment instruction to a resource only at the latest possible time that allows the resource to be ready to provide Energy when it is expected to be needed. A Start-Up Instruction produced by STUC is considered binding if the resource could not achieve the target Start-Up Time as determined in the current STUC run in a subsequent RTUC or STUC run as a result of the Start-Up Time of the resource. A Start-Up Instruction produced by STUC is considered advisory if it is not binding, such that the resource could achieve its target start time as determined in the current RTUC run in a subsequent STUC or RTUC run based on its Start-Up Time. A binding Dispatch Instruction produced by STUC that results in a change in Commitment Status will be issued, in accordance with Section 6.3, after review and acceptance of the Start-Up Instruction by the CAISO Operator. The STUC will only decommit a resource to the extent that resource's physical characteristics allow it to be cycled in the same approximately five (5) hour look-ahead time period for which it was previously committed. STUC does not produce Locational Marginal Prices for Settlement. A Day-Ahead Schedule or RUC Schedule for an MSG Configuration that is later impacted by the resource's derate or outages, will be reconsidered in the STUC process taking into consideration the impacts of the derate or outage on the available MSG Configurations.

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36.4.1.3 Transmission Capacity for CRR Allocation and CRR Auction

With the exception of the Tier LT, the CAISO makes available sixty-five percent (65%) of Seasonal Available CRR Capacity for the annual CRR Allocation and CRR Auction processes, and one hundred percent (100%) of Monthly Available CRR Capacity for the monthly CRR Allocation and CRR Auction

processes. The CAISO makes available sixty percent (60%) of Seasonal Available CRR Capacity in the Tier LT. Available capacity at Scheduling Points shall be determined in accordance with Section 36.8.4.2 for the purposes of CRR Allocation and CRR Auction of CRRs that have a CRR Source identified at a Scheduling Point. Before commencing with the annual or monthly CRR Allocation and CRR Auction processes, the CAISO may distribute Merchant Transmission CRRs and will model those as fixed injections and withdrawals on the DC FNM to be used in the allocation and auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test. Similarly, before commencing the annual or monthly CRR Allocation and CRR Auction processes, the CAISO will model any previously allocated Long Term CRRs as fixed injections and withdrawals on the DC FNM to be used in the CRR Allocation and CRR Auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test, which will ensure no degradation of previously allocated and outstanding Long Term CRRs due to the CRR Allocation and CRR Auction processes. Maintaining the feasibility of allocated Long Term CRRs over the length of their terms also is accomplished through the transmission planning process in Section 24.1.3.

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37.11.1 Inaccurate or Late Actual SQMD Penalty

There is no Sanction for the submission of inaccurate or late Actual Settlement Quality Meter Data used for a Recalculation Settlement Statement T+ 12B. However, failure by a Scheduling Coordinator, under a specific SCID, to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-eight (48) Business Days after the Trading Day (T+48B) for one or more scheduled Resource IDs for a given Trading Day is late Actual Settlement Quality Meter Data and constitutes a Rule of Conduct violation. The Sanction is \$1,000 and the Scheduling Coordinator is required to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.4 for Recalculation Settlement Statement T+9M. Where a Scheduling Coordinator fails to submit Actual Settlement Quality Meter Data or to replace Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by T+48B for one or more scheduled

Resource IDs for a given Trading Day and that Scheduling Coordinator also fails to submit Actual Settlement Quality Meter Data during the period specified in Section 10.3.6.43 for Recalculation Settlement Statement T+9M, then the Scheduling Coordinator shall also be levied a Sanction of \$3,000. The submission by a Scheduling Coordinator of Actual Settlement Quality Meter Data that causes an error to exist in such Actual Settlement Quality Meter Data after T+48B shall constitute inaccurate Actual Settlement Quality Meter Data and is a Rule of Conduct violation. The Sanction is \$1,000. All violations of this Section 37.11.1 shall be found per SCID per Trading Day and all Sanctions assessed under this Section 37.11.1 shall be levied per SCID per Trading Day. Accordingly, for any given trade date, one Scheduling Coordinator may be found to have committed multiple violations of, and may be assessed multiple Sanctions under, this Section 37.11.1.

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40.3.1.1 Local Capacity Technical Study Criteria

The Local Capacity Technical Study will determine the minimum amount of Local Capacity Area Resources needed to address the Contingencies identified in Section 40.3.1.2. In performing the Local Capacity Technical Study, the CAISO will apply those methods for resolving Contingencies considered appropriate for the performance level that corresponds to a particular studied Contingency, as provided in NERC Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0, and TPL-004-0, as augmented by CAISO Reliability Criteria in accordance with the Transmission Control Agreement and Section 24.32.1. The CAISO Reliability Criteria shall include:

- (1) Time Allowed for Manual Readjustment: This is the amount of time required for the Operator to take all actions necessary to prepare the system for the next Contingency. This time should not be more than thirty (30) minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for a Contingency in Category D - extreme event (any B1-4 system readjusted (Common Mode) L-2), as listed in Section 40.3.1.2.

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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 40.4.6.2.2.2, 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.

* * * * *

40.8.1 Applicability

The criteria in this Section 40.8 shall apply only: (i) where the CPUC or Local Regulatory Authority has not established and provided to the CAISO criteria to determine the types of resources that may be eligible to provide Qualifying Capacity and for calculating Qualifying Capacity for such eligible resource types and (ii) until the CAISO has been notified in writing by the CPUC of its intent to overturn, reject or

fundamentally modify the capacity-based framework in CPUC Decisions 04-01-050 (Jan. 10, 2004), 04-10-035 (Oct. 28, 2004), and 05-10-042 (Oct. 31, 2005). The types of resources specified in this Section 40.8.1 will be eligible to provide Qualifying Capacity to the extent they meet the criteria for each type of resource set forth in this Section 40.8.1.

40.8.1.1 [Not Used]

40.8.1.2 Nuclear and Thermal

Nuclear and thermal Generating Units, other than Qualifying Facilities with Existing QF Contracts addressed in Section 40.8.1.8 below, must be a Participating Generator or a System Unit. The Qualifying Capacity of nuclear and thermal units, other than Qualifying Facilities addressed in Section 40.8.1.8, will be based on net dependable capacity defined by NERC Generating Availability Data System information.

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40.9.6.2 Determination of Availability Incentive Payment

- (a) **Self-Funding.** The Availability Incentive Payment will be funded entirely through the monthly Non-Availability Charges assessed. Availability Incentive Payments for Resource Adequacy Resources providing Flexible RA Capacity will be funded exclusively by Non-Availability Charges assessed against Resource Adequacy Resources providing Flexible RA Capacity.
- (b) **Eligible Capacity.** The capacity of a Resource Adequacy Resource providing local, system or Flexible RA Capacity that is eligible to receive an Availability Incentive Payment shall be the resource's average monthly MWs of capacity that exceed the upper bound of the Availability Standard.
- (c) **Calculation.**
 - (1) The monthly Availability Incentive Payment rate will equal the total Non-Availability Charges assessed for the month plus any unpaid funds under Section 40.9.6.2(d), divided by the total Resource Adequacy Capacity eligible to receive the Availability Incentive Payment that month.

- (2) The Availability Incentive Payment rate shall not exceed three times the Non-Availability Charge rate.
 - (3) The Availability Incentive Payment the CAISO shall pay to each eligible resource shall equal the product of its eligible capacity and the Availability Incentive Payment rate.
- (d) **Unpaid Funds.** Any Non-Availability Charge funds that are not distributed to Resource Adequacy Resources eligible to receive Availability Incentive Payments in a month will be added to the funds available for Availability Incentive Payments in the next month and will continue to roll over to ~~the successive months~~ until the end of the year. The CAISO distributes any unallocated funds remaining after the CAISO settles December monthly RAAIM Non-Availability Charges and Non-Availability Incentive Payments paid out or December 31, at which time the separate pool of undistributed Non-Availability Charge funds collected for local and/or system Resource Adequacy Capacity will be distributed to Load Serving Entities based on their load ratio share for the year. The separate pool of undistributed Non-Availability Charge funds collected for Flexible RA Capacity will be distributed to Load Serving Entities based on their overall ratio of obligation to demonstrate Flexible RA Capacity for the year.

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40.10.2.2 Allocation to Load-Following MSS

- (a) The CAISO will calculate the allocable share of the Flexible Capacity Need for each Load-following MSS as –
 - (1) the Local Regulatory Authority’s average percent contribution to the change in wind output, minus the change in solar PV output, minus the change in solar thermal output, during the five highest three-hour net-load changes in the month, for resources not included in the Load-following MSS Load Serving Entity’s resource portfolio; and

- (2) plus the lesser of the MSS contribution calculated under Section 40.10.2.2(a)(1) or 3.5 percent of its forecasted peak load.
 - (3) plus the Load-following MSS Load Serving Entity's allocable share of any forecast adjustment under Section 40.10.1.4.
- (b) The CAISO will deduct the Flexible Capacity Need allocated to each Load-following MSS from the calculation to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.
- (c) If the Load-following MSS Load Serving Entity's contribution to the three-hour net-load ramp calculated under Section 40.10.2.2(a)(1) is less than its contribution to the 3.5 percent of expected peak load, the CAISO will not reallocate that difference to other Local Regulatory Authorities to determine whether a cumulative deficiency in Flexible RA Capacity exists under Section 43A.2.7.

* * * * *

40.10.4.1 Effective Flexible Capacity Calculation

- (a) **Flexible Resources.** The CAISO will calculate the Effective Flexible Capacity value of a resource, for use (i) if a Local Regulatory Authority has not established criteria for calculating the Effective Flexible Capacity value for eligible resource types, and (ii) for determining if a cumulative deficiency exists under Sections 43A.2.7(a) and (b), as follows, except as provided in Sections 40.10.4.1 (b) through (f) –
 - (1) If the Start-Up Time of the resource is greater than 90 minutes, the Effective Flexible Capacity value shall be the weighted average ramp rate of the resource calculated from PMin to Net Qualifying Capacity multiplied by 180 minutes. The Effective Flexible Capacity shall not exceed the difference between the PMin and PMax of the resource.
 - (2) If the Start-Up Time of the resource is less than or equal to 90 minutes, the Effective Flexible Capacity value shall be the weighted average ramp rate of the

resource calculated from zero to Net Qualifying Capacity multiplied by 180 minutes. The Effective Flexible Capacity shall not exceed the Net Qualifying Capacity of the resource.

- (b) **Hydroelectric Generating Unit.** The Effective Flexible Capacity of a hydroelectric generating unit will be the amount of capacity from which the resource can produce Energy consistently for 6 hours based upon the resource's physical storage capacity, which shall not exceed its Net Qualifying Capacity.
- (c) **Proxy Demand Resource.** The Effective Flexible Capacity of a Proxy Demand Resource will be based on the resource's actual MWs of load modification in response to a dispatch by the CAISO during a test event. In determining the Effective Flexible Capacity of a Proxy Demand Resource, the CAISO will –
- (1) conduct the test at a random time during the flexible capacity must-offer obligation period for the resource;
 - (2) use the applicable baseline load data, as described in the CAISO Tariff or Business Practice Manual, to measure the load modification of the Proxy Demand Resource being tested; and
 - (3) pay the resource's bid price for the testing period.
- (d) **Energy Storage Resource.** The Effective Flexible Capacity value for an energy storage resource will be determined as follows –
- (1) for an energy storage resource that provides Flexible RA Capacity but not Regulation Energy Management, the Effective Flexible Capacity value will be the MW output range the resource can provide over three hours of charge/discharge while constantly ramping.
 - (2) for an energy storage resource that provides Flexible RA Capacity and Regulation Energy Management, the Effective Flexible Capacity value will be the resource's 15-minute energy output capability.
- (e) **Multi-Stage Generating Resource.** The Effective Flexible Capacity value for a Multi-Stage Generating Resource will be calculated using the longest Start-Up Time of the

resource's configuration that has the lowest PMin.

- (f) **Combined Heat and Power Resource.** The Effective Flexible Capacity value of a Combined Heat and Power Resource will be the lesser of (i) the resource's Net Qualifying Capacity, or (ii) the MW difference between the CHP resource's maximum output and its minimum operating level, such quantity not to exceed the quantity of generating capacity capable of being delivered over a three-hour period.

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40.10.5.3 Review of Flexible RA Capacity Plans

- (a) **Validation For Deficiency In An Individual LSE Plan.**

- (1) If the Local Regulatory Authority has not established its own flexible capacity procurement requirements, the CAISO will validate the annual and monthly LSE Flexible RA Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities, and will use the Effective Flexible Capacity value for each resource calculated under Section 40.10.4. The CAISO will determine whether each Load Serving Entity met its annual or monthly total Flexible RA Capacity Requirement, and for the monthly LSE Flexible RA Capacity Plan, whether it met the total monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category.
- (2) If the Local Regulatory Authority has established its own flexible capacity procurement requirements, the CAISO will not validate the individual LSE Flexible Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities.

- (b) **Identification of Discrepancy.** The CAISO will compare all LSE Flexible RA Capacity Plans and Resource Flexible RA Capacity Plans to identify any discrepancy in the Resource Adequacy Resources listed or the amount of the Resource Adequacy Capacity committed.

- (c) **Evaluation For Cumulative Deficiency.**
- (1) The CAISO will evaluate the annual LSE Flexible RA Capacity Plans of all Load Serving Entities on a cumulative basis to determine whether the total amount of Flexible RA Capacity shown in the plans meets 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(a).
 - (2) The CAISO will evaluate the monthly Flexible RA Capacity Plans of all Load Serving Entities to determine whether (i) the total amount of Flexible RA Capacity shown in the plans, limited to the maximum monthly requirement for each category, meets the applicable monthly Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(1); or (ii) the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans meets the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.5 or whether a cumulative deficiency may exist under Section 43A.2.7(b)(2).
- (d) **Calculation of Flexible RA Capacity.** The CAISO will calculate the amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans using the MW amount of Flexible RA Capacity for each resource designated in a plan as a Flexible RA Capacity Resource up to the Effective Flexible Capacity value for the resource calculated under Section 40.10.4.
- (e) **Allocated Flexible RA Capacity Requirement.** The CAISO will calculate the Load Serving Entity's allocated annual and monthly Flexible RA Capacity Requirement –
- (1) For Load Serving Entities within a Local Regulatory Authority that has not adopted its own allocation methodology, the CAISO will calculate the Load Serving Entity's allocated requirement based on the CAISO's allocation methodology set forth in Section 40.10.2.
 - (2) For Load Serving Entities within a Local Regulatory Authority that has adopted its

own allocation methodology, the CAISO will use that Local Regulatory Authority's methodology for the Local Regulatory Authority's jurisdictional Load Serving Entities.

40.10.5.4 Deficiency in LSE Flexible RA Capacity Plan

- (a) **Finding and Notification.** If the CAISO's validation under Section 40.10.5.3(a) finds either: (i) that the total amount of Flexible RA Capacity included in an annual or monthly LSE Flexible RA Capacity Plan is not sufficient to satisfy the Load Serving Entity's allocated Flexible RA Capacity Requirement; or (ii) that the total monthly requirement in a monthly LSE Flexible RA Capacity Plan was not met within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, the CAISO will –
- (1) notify the relevant Scheduling Coordinator, and the Local Regulatory Authority or federal agency with jurisdiction over the relevant Load Serving Entity, in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 40 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a deficiency exists.
- (b) **Resolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall -
- (1) demonstrate, no less than 30 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan, or
 - (2) advise the CAISO that the Load Serving Entity's Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists.
- (c) **Unresolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of

resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.

40.10.5.5 Discrepancy Between Flexible RA Capacity Plans.

- (a) **Finding and Notification.** If the CAISO's review under Section 40.10.5.3(b) finds a discrepancy between an LSE Flexible RA Capacity Plan and a Resource Flexible RA Capacity Plan, the CAISO will –
 - (1) notify the relevant Scheduling Coordinators of the discrepancy in an attempt to resolve the discrepancy in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 40 days in advance of the first day of the month covered by the plans and include the reasons the CAISO believes a discrepancy exists.
- (b) **Resolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and the discrepancy is resolved, the Scheduling Coordinator must provide the CAISO with a revised LSE Flexible RA Capacity Plan or Resource Flexible RA Capacity Plan, as applicable, no less than 30 days prior to the first day of the month covered by the plans.
- (c) **Unresolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and is not advised that the discrepancy is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43A.

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40.10.6 Flexible RA Capacity Must-Offer Obligation

40.10.6.1 Day-Ahead and Real-Time Availability

- (a) **Must-Offer Obligation.** The Scheduling Coordinator for a resource supplying Flexible RA Capacity must submit Economic Bids for Energy for the full amount of the resource's Flexible RA Capacity, and Economic Bids for Ancillary Services that are not flagged as Contingency Only in the Day-Ahead Market for the full amount of the resource's Flexible RA Capacity that is certified to provide Ancillary Services, in the Day-Ahead Market and the Real-Time Market for the applicable Trading Hours that is capable of being economically dispatched as follows, except as provided in Section 40.10.6.1(e) through(h) –
- (1) Flexible Capacity Category for base ramping resources - the 17-hour period from 5:00 a.m. to 10:00 p.m., seven days a week;
 - (2) Flexible Capacity Category for peak ramping resources - the five-hour period determined for each season by the CAISO's Flexible Capacity Needs Assessment, seven days a week; and
 - (3) Flexible Capacity Category for super-peak ramping resources - the five-hour period determined for each season by the CAISO's Flexible Capacity Needs Assessment, weekdays, except holidays and as provided in Section 40.10.6.1(h), until the resource receives during the five-hour period of the must offer obligation and responds to five CAISO dispatches for Start-Up during the month, after which the resource will not be subject to a must-offer obligation as a super-peak ramping resource for the remainder of that month; however, any other must-offer obligations for Resource Adequacy Capacity will still apply.
- (b) **Availability Requirement.** During the period of the applicable must-offer obligation, a Flexible RA Capacity Resource must be operationally available except for limitations specified in the Master File, legal or regulatory prohibitions or as otherwise required by this CAISO Tariff or by Good Utility Practice.

- (c) **Co-optimization.** Through the IFM co-optimization process, the CAISO will utilize available Flexible RA Capacity to provide Energy or Ancillary Services in the most efficient manner to clear the Energy market, manage congestion and procure required Ancillary Services.
- (d) **Participation in RUC.** A Flexible RA Capacity Resource must participate in the RUC to the extent that the resource has available Flexible RA Capacity that is not reflected in an IFM Schedule. Resource Adequacy Capacity participating in RUC will be optimized using a zero dollar (\$0/MW-hour) RUC Availability Bid. Flexible RA Capacity selected in RUC will not be eligible to receive a RUC Availability Payment.
- (e) **Use-Limited Resources.**
- (1) A Use-Limited Resource providing Flexible RA Capacity must be capable of responding to Dispatch Instructions and, consistent with its use-limitations, must submit Economic Bids for Energy for the full amount of its Flexible RA Capacity in the Day-Ahead Market and the Real-Time Market for the Trading Hours applicable to the resource's Flexible Capacity Category for that month for the Trading Hours that it is capable of being economically dispatched.
 - (2) The Scheduling Coordinator for the Use-Limited Resources designated as a combined resource under Section 40.10.3.2(b), 40.10.3.3(b) or 40.10.3.4(b) must submit Economic Bids for Energy for either resource for the full amount of the Flexible RA Capacity required by the applicable must-offer obligation; however, Economic Bids for Energy must be submitted for only one resource in the combination per Trade Day.
- (f) **Short, Medium or Long Start Units.**
- (1) Short Start Units or Medium Start Units providing Flexible RA Capacity that do not have an IFM Schedule or a RUC Schedule for any of their Resource Adequacy Capacity for a given Trading Hour are required to participate in the Real-Time Market consistent with the provisions in Section 40.6.2 that apply to Short Start Units providing RA Capacity.

- (2) Long Start Units providing Flexible RA Capacity that do not have an IFM Schedule or a RUC Schedule for any of their Resource Adequacy Capacity for a given Trading Hour are required to participate in the Real-Time Market consistent with the provisions in Section 40.6.2 that apply to Long Start Units providing RA Capacity.
- (3) If availability is required under Section 40.6.2, the Scheduling Coordinator for the resource must submit to the RTM for that Trading hour for which the resource is capable of responding to Dispatch Instructions: (i) Economic Bids for Energy Bids for the full amount of the available Flexible RA Capacity, including capacity for which it has submitted Economic Bids for Ancillary Services Bids; and (ii) Economic Bids for Ancillary Services Bids for the full amount of its Flexible RA Capacity that is certified to provide Ancillary Services and that did not receive a day-ahead award, and for each Ancillary Service for which the resource is certified, including capacity for which it has submitted Economic Bids for Energy Bids.
- (g) **Extremely Long-Start Resources.** Flexible RA Capacity Resources that are Extremely Long-Start Resources must be available to the CAISO by complying with the Extremely Long-Start Commitment Process under Section 31.7 or otherwise committing the resource upon instruction from the CAISO, if physically capable. Once an Extremely Long-Start Resource is committed by the CAISO, it is subject to the provisions of Section 40.10.6 regarding Day-Ahead Availability and Real-Time Availability for the Trading Days for which it was committed.
- (h) **Non-Generator Resources, Regulation Energy Management.** Non-Generator Resources providing Flexible RA Capacity and Regulation Energy Management must submit Economic Bids for Regulation Up and Regulation Down for Trading Hours in the 17-hour period from 5:00 a.m. to 10:00 p.m., seven days a week and shall not submit Bids for Energy or other Ancillary Services.

40.10.6.2 Failure to Bid

If the Scheduling Coordinator for a resource supplying Flexible RA Capacity does not submit Economic Bids for Energy for the full amount of the resource's Flexible RA Capacity, and Economic Bids for Ancillary Services for the full amount of the resource's Flexible RA Capacity that is certified to provide Ancillary Services, in the Day-Ahead Market and the Real-Time Market for the Trading Hours during the period of the applicable must-offer obligation –

- (1) the CAISO will not insert Generated Bids for any Flexible RA Capacity for which the resource did not submit bids; and
- (2) An Exceptional Dispatch instruction issued to the resource for all or a portion of its Flexible RA Capacity shall not be an Exceptional Dispatch CPM designation under Section 43A.2.5.

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42.1.5 CAISO to Take Necessary Steps to Ensure Criteria Compliance

Notwithstanding the foregoing, if the CAISO concludes that it may be unable to comply with the Applicable Reliability Criteria, the CAISO shall, acting in accordance with Good Utility Practice, take such steps as it considers to be necessary to ensure compliance, including the negotiation of contracts through processes other than competitive solicitations. These steps can include the negotiation of contracts on a Real-Time basis for Generation, or Ancillary Services, or unloaded resource capacity to meet Applicable Reliability Criteria-on a Real-Time basis. Unless otherwise specified, the contract price for Ancillary Services or unloaded resource capacity to meet Applicable Reliability Criteria is the applicable Fifteen-Minute Market Ancillary Service Marginal Price.

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43. ~~[Not Used] Capacity Procurement Mechanism~~

43.1 ~~[Not Used] Applicability~~

~~This Section 43 shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence prior to November 1, 2016. Designations of CPM Capacity and Flexible Capacity CPM not made through a CSP and in existence as of October 31, 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.~~

43.2 ~~[Not Used] Capacity Procurement Mechanism Designation~~

~~The CAISO shall have the authority to designate Eligible Capacity to provide CPM Capacity services under the CPM to address the following circumstances, as discussed in greater detail in Section 43:~~

- ~~1. Insufficient Local Capacity Area Resources in an annual or monthly Resource Adequacy Plan;~~
- ~~2. Collective deficiency in Local Capacity Area Resources;~~
- ~~3. Insufficient Resource Adequacy Resources in an LSE's annual or monthly Resource Adequacy Plan;~~
- ~~4. A CPM Significant Event;~~
- ~~5. A reliability or operational need for an Exceptional Dispatch CPM;~~
- ~~6. Capacity at risk of retirement within the current RA Compliance Year that will be needed for reliability by the end of the calendar year following the current RA Compliance Year; and~~
- ~~7. A cumulative deficiency in the total Flexible RA Capacity included in the annual or monthly Flexible RA Capacity Plans, or in a Flexible Capacity Category in the monthly Flexible RA Capacity Plans.~~

43.2.1 ~~[Not Used] SC Failure to Show Sufficient Local Capacity Area Resources~~

43.2.1.1 ~~Annual Resource Adequacy Plan~~

~~Where a Scheduling Coordinator fails to demonstrate in an annual Resource Adequacy Plan, submitted separately for each represented LSE, procurement of each LSE's share of Local Capacity Area Resources, as determined in Section 40.3.2 for each month of the following Resource Adequacy Compliance Year, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43.2.1.1 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. The CAISO's authority to designate CPM Capacity under this Section 43.2.1.1 is to ensure that each Local Capacity Area in a TAC Area in which the LSE serves Load has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.~~

43.2.1.2 ~~Monthly Resource Adequacy Plan~~

~~Where a Scheduling Coordinator fails to demonstrate in a monthly Resource Adequacy Plan, submitted separately for each represented LSE, procurement of each LSE's share of Local Capacity Area Resources, as determined in Section 40.3.2 for the reported month, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43.2.1.2 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. The CAISO's authority to designate CPM Capacity under this Section 43.2.1.2 is to ensure that each Local Capacity Area in a TAC Area in which the LSE serves Load has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual and monthly Resource Adequacy Plans and any supplements thereto, as may be~~

~~permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.~~

43.2.2 ~~[Not Used]~~ Collective Deficiency In Local Capacity Area Resources

~~The CAISO shall have the authority to designate CPM Capacity where the Local Capacity Area Resources specified in the annual Resource Adequacy Plans of all applicable Scheduling Coordinators, after the opportunity to cure under Section 43.2.2.1 has been exhausted, fail to ensure compliance in one or more Local Capacity Areas with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, regardless of whether such resources satisfy, for the deficient Local Capacity Area, the minimum amount of Local Capacity Area Resources identified in the Local Capacity Technical Study, and after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area. The CAISO may, pursuant to this Section 43.2.2, designate CPM Capacity in an amount and location sufficient to ensure compliance with the Reliability Criteria applied in the Local Capacity Technical Study.~~

43.2.2.1 ~~LSE Opportunity to Resolve Collective Deficiency in Local Capacity Area Resources~~

~~Where the CAISO determines that a need for CPM Capacity exists under Section 43.2.2, but prior to any designation of CPM Capacity, the CAISO shall issue a Market Notice identifying the deficient Local Capacity Area and the quantity of capacity that would permit the deficient Local Capacity Area to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1 and, where only specific resources are effective to resolve the Reliability Criteria deficiency, the CAISO shall provide the identity of such resources. Any Scheduling Coordinator may submit a revised annual Resource Adequacy Plan within thirty (30) days of the date of the Market Notice demonstrating procurement of additional Local Capacity Area Resources consistent with the Market Notice issued under this Section.~~

~~Any Scheduling Coordinator that provides such additional Local Capacity Area Resources consistent with the Market Notice under this Section shall have its share of any CPM procurement costs under Section~~

~~43.8.3 reduced on a proportionate basis. If the full quantity of capacity is not reported to the CAISO under revised annual Resource Adequacy Plans in accordance with this Section, the CAISO may designate CPM Capacity sufficient to alleviate the deficiency.~~

43.2.3 [Not Used] ~~SC Failure To Show Sufficient Resource Adequacy Resources~~

~~The CAISO shall have the authority to designate CPM Capacity where a Scheduling Coordinator fails to demonstrate in an annual or monthly Resource Adequacy Plan, submitted separately for each represented LSE, procurement of sufficient Resource Adequacy Resources to comply with each LSE's annual and monthly Demand and Reserve Margin requirements under Section 40; provided that the CAISO shall not designate CPM Capacity under this Section 43.2.3 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7; provide further that the CAISO shall not designate CPM Capacity under this Section 43.2.3 unless there is an overall net deficiency in meeting the total annual or monthly Demand and Reserve Margin requirements, whichever is applicable, after taking into account all LSE demonstrations in their applicable or monthly Resource Adequacy Plans.~~

43.2.4 [Not Used] ~~CPM Significant Events~~

~~The CAISO may designate CPM Capacity to provide service on a prospective basis following CPM Significant Event, to the extent necessary to maintain compliance with Reliability Criteria and taking into account the expected duration of the CPM Significant Event.~~

43.2.5 [Not Used] ~~Exceptional Dispatch CPM~~

~~Except as provided in Section 43.2.5.1, the CAISO shall designate as ICPM Capacity to provide service on a prospective basis the capacity of a resource that responds to an Exceptional Dispatch if the Exceptional Dispatch is issued pursuant to Section 34.9.1, subsections (6), (9) or (10) of Section 34.9.2, or Section 34.9.3, unless the Exceptional Dispatch directs the curtailment or shut down of the resource.~~

~~43.2.5.1~~ ~~Limitation on Eligibility for Exceptional Dispatch ICPM Designation~~

~~The following capacity is not eligible to receive an Exceptional Dispatch ICPM designation under this Section 43.2.5.1:~~

- ~~(1) RA Capacity, RMR Capacity, and ICPM Capacity; and~~
- ~~(2) Capacity of a resource that is eligible to receive supplemental revenues under Section 39.10.3 during any month for which the resource has notified the CAISO under Section~~

39.10.3 that it chooses to receive supplemental revenues in lieu of an Exceptional Dispatch ICPM designation.

43.2.5.2 ~~Quantity of Capacity included in an Exceptional Dispatch ICPM Designation~~

43.2.5.2.1 ~~Exceptional Dispatch Commitments of Non RA, Non RMR and Non ICPM~~

~~Resources~~

~~If a resource does not have any self schedule, market based commitment, or RA, RMR or CPM Capacity and receives an Exceptional Dispatch CPM designation under Section 43.2.5 following an Exceptional Dispatch eligible for a CPM designation, the CAISO shall designate as CPM Capacity the greater of the resource's PMin or the quantity of capacity needed from the resource to address the reliability issue as determined in an engineering assessment if available at that time. For designations made in the post day ahead timeframe, the CAISO will make an initial determination of the quantity of Exceptional Dispatch CPM Capacity and will subsequently make a post day ahead reliability assessment of the amount of capacity needed to address the reliability issue, as set forth in the Business Practice Manuals. If the post day ahead reliability assessment shows that no additional Exceptional Dispatch CPM Capacity is needed from the resource to address the reliability issue, the resource will be compensated based on the initial quantity of capacity designated. If the post day ahead reliability assessment shows that additional Exceptional Dispatch CPM Capacity is needed from the resource to address the reliability issue, the CAISO will designate the incremental quantity of capacity, will treat the initial and incremental quantities of the Exceptional Dispatch CPM Capacity as a single designation effective as of the date of the initial designation, and will compensate the resource based on the sum of the initial and incremental quantities of the Exceptional Dispatch CPM Capacity for the term of the designation. Any incremental Exceptional Dispatch CPM Capacity designated under this section does not result in a new thirty (30) day term or sixty (60) day term, as applicable.~~

43.2.5.2.2 ~~Exceptional Dispatch of Partial RA, Partial CPM Unit, or Market Committed~~

~~Resource~~

~~If a resource is a Partial Resource Adequacy Resource, has a CPM designation of less than its entire capacity, has a Self Schedule or has a market based commitment, or has already received an Exceptional Dispatch CPM designation under Section 43.2.5, the CAISO shall designate as CPM~~

~~Capacity the amount by which the quantity of capacity needed from the resource to address the reliability issue exceeds the greater of—~~

- ~~(1) — the capacity that the resources must make available to the CAISO as the result of an RA Capacity or CPM Capacity obligation; if any; and~~
- ~~(2) — the sum of any Self-Schedule and any market-based commitment or dispatch of the resource.~~

~~43.2.5.2.3 — Subsequent Exceptional Dispatch~~

~~If the CAISO, during the term of a resource's Exceptional Dispatch CPM designation, issues a subsequent Exceptional Dispatch to the resource that exceeds the sum of the resource's CPM Capacity and RA Capacity, the subsequent Exceptional Dispatch CPM Capacity shall equal the difference between the quantity of capacity needed from the resource to address the reliability issue, as determined in an engineering assessment conducted as set forth in the Business Practice Manuals, and the sum of the resource's CPM Capacity and RA Capacity, but not to exceed the resource's Eligible Capacity. The increase will be effective for the remainder of the initial Exceptional Dispatch CPM Term and retroactively to the beginning of the initial Exceptional Dispatch CPM Term or the first day of the month in which the increase occurs, whichever is later. Any incremental Exceptional Dispatch issued within any Exceptional Dispatch CPM Term does not result in a new 30-day term or 60-day term, as applicable.~~

~~43.2.5.2.4 — Change in RA, RMR, or CPM Status~~

~~If a resource has an RA, RMR or CPM Capacity obligation that pre-existed the resource's Exceptional Dispatch CPM designation and, during the term of the resource's Exceptional Dispatch CPM designation, the amount of the resource's RA, RMR or CPM Capacity is reduced, the CAISO will increase the CPM designation by the amount, if any, necessary to ensure that the sum of Exceptional Dispatch CPM designation quantity and any remaining RA Capacity is not less than PMin. If capacity that receives an Exceptional Dispatch CPM designation becomes RA Capacity or receives a monthly CPM designation or Significant Event designation or receives an RMR Contract as of a certain date, then the Exceptional Dispatch CPM designation shall be reduced by the amount of the new RA Capacity, CPM Significant Event designation, or RMR Contract from that date through the rest of the 30-day term.~~

43.2.6 ~~[Not Used] Capacity at Risk of Retirement Needed for Reliability~~

~~The CAISO shall have the authority to designate CPM Capacity to keep a resource in operation that is at risk of retirement during the current RA Compliance Year and that will be needed for reliability by the end of the calendar year following the current RA Compliance Year. The CAISO may issue this risk of retirement CPM designation in the event that all of the following requirements apply:~~

- ~~(1) the resource was not contracted as RA Capacity nor listed as RA Capacity in any LSE's annual Resource Adequacy Plan during the current RA Compliance Year;~~
- ~~(2) the CAISO did not identify any deficiency, individual or collective, in an LSE's annual Resource Adequacy Plan for the current RA Compliance Year that resulted in a CPM designation for the resource in the current RA Compliance Year;~~
- ~~(3) CAISO technical assessments project that the resource will be needed for reliability purposes, either for its locational or operational characteristics, by the end of the calendar year following the current RA Compliance Year;~~
- ~~(4) no new generation is projected by the ISO to be in operation by the start of the subsequent RA Compliance Year that will meet the identified reliability need; and~~
- ~~(5) the resource owner submits to the CAISO and DMM, at least 180 days prior to terminating the resource's PGA or removing the resource from PGA Schedule 1, a request for a CPM designation under this Section 43.2.6 and the affidavit of an executive officer of the company who has the legal authority to bind such entity, with the supporting financial information and documentation discussed in the BPM for Reliability Requirements, that attests that it will be uneconomic for the resource to remain in service in the current RA Compliance Year and that the decision to retire is definite unless CPM procurement occurs.~~

~~If the CAISO determines that all of the requirements have been met, prior to issuing the CPM designation, the CAISO shall prepare a report that explains the basis and need for the CPM designation. The CAISO shall post the report on the CAISO's Website and allow an opportunity of no less than seven (7) days for stakeholders to review and submit comments on the report and no less than thirty (30) days for an LSE to procure Capacity from the resource. If an LSE does not, within that period, procure sufficient RA~~

~~Capacity to keep the resource in operation during the current RA Compliance Year, the CAISO may issue the risk of retirement CPM designation; provided that the CAISO determines that the designation is necessary and that all other available procurement measures have failed to procure the resources needed for reliable operation. The ISO will not issue CPM designations in order to circumvent existing procurement mechanisms that could adequately resolve reliability needs.~~

43.2.7 [Not Used] Cumulative Deficiency in Flexible RA Capacity

~~(a) **Annual Plans.** A cumulative deficiency will exist in the annual LSE Flexible RA Capacity Plans if the total amount of Flexible RA Capacity shown in the plans of all Load Serving Entities, based on the Effective Flexible Capacity value determined by the CAISO for each resource, is less than 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1.~~

~~(b) **Monthly Plans.** A cumulative deficiency will exist in the monthly Flexible RA Capacity Plans—~~

~~(1) if the total amount of Flexible RA Capacity shown in the plans of all Load Serving Entities, limited on a collective basis to the maximum monthly requirement for each category and based on the Effective Flexible Capacity value determined by the CAISO for each resource, is less than the applicable monthly Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1; or~~

~~(2) if the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans of all Load Serving Entities, based on the Effective Flexible Capacity value determined by the CAISO for each resources, on a collective basis is less than the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.4.~~

43.2.7.1 Final Opportunity to Resolve Deficiency

~~If the processes set forth in Section 40.10.5.4, 40.10.5.5, and 40.10.5.6 do not fully resolve a deficiency or discrepancy in the annual or monthly Flexible RA Capacity Plans, and if the CAISO determines that a cumulative deficiency exists under Section 43.2.7 and that there is a need for Flexible Capacity CPM, but~~

~~prior to issuing a Flexible Capacity CPM designation for the cumulative deficiency—~~

- ~~(1) — the CAISO shall (i) issue a Market Notice that describes the cumulative deficiency and specifies the quantity of Flexible RA Capacity necessary to meet the applicable Flexible Capacity Need, and (ii) notify the Load Serving Entities that are deficient and the Local Regulatory Authority with jurisdiction over each deficient Load Serving Entity;~~
- ~~(2) — a Scheduling Coordinator for a Load Serving Entity that is deficient, or for a Load Serving Entity subject to the jurisdiction of a Local Regulatory Authority that is deficient, may submit a revised annual or monthly Flexible RA Capacity Plan to demonstrate procurement of additional Flexible RA Capacity consistent with the Market Notice issued under this Section; but shall not include any other revisions in a plan submitted under this Section. A revised annual Flexible RA Capacity Plan must be submitted no later than December 31 for the following calendar year. A revised monthly Flexible RA Capacity Plan must be submitted no less than five days prior to the first day of the applicable month.~~

~~43.2.7.2 — Designation~~

~~After the opportunity to resolve the cumulative deficiency under Section 40.10.5.4 has been exhausted, if total required Flexible RA Capacity reported to the CAISO in revised annual or monthly Flexible RA Capacity Plans does not meet the Flexible RA Capacity Need in accordance with this Section, the CAISO may issue a Flexible Capacity CPM designation in an amount sufficient to alleviate the deficiency.~~

~~43.3 [Not Used] Terms of CPM Designation~~

~~43.3.1 [Not Used] SC Annual Plan Failure to Show Local Capacity Area Resources~~

~~CPM Capacity designated under Section 43.2.1.1 shall have a minimum commitment term of one (1) month and a maximum commitment term of one (1) year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.~~

~~43.3.2 [Not Used] SC Month Plan Failure to Show Local Capacity Area Resources~~

~~CPM Capacity designated under Section 43.2.2.2 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance~~

Year.

43.3.3 [Not Used] Annual Plan Collective LCA Resources Insufficient

~~CPM Capacity designated under Section 43.2.2 shall have a minimum commitment term of one (1) month and a maximum commitment term of one year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.~~

43.3.4 [Not Used] SC Failure To Show Sufficient Resource Adequacy Resources

~~CPM Capacity designated under Section 43.2.3 shall: (a) have a minimum commitment term of one (1) month and a maximum commitment term equal to the maximum annual procurement period established by the Local Reliability Authority based on the period of the deficiency reflected in the annual Resource Adequacy Plan or (b) have a commitment term of one (1) month if the deficiency is in the monthly Resource Adequacy Plan. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.~~

43.3.5 [Not Used] Term – CPM Significant Event

~~CPM Capacity designated under Section 43.2.4 shall have an initial term of thirty (30) days. If the CAISO determines that the CPM Significant Event is likely to extend beyond the thirty (30) day period, the CAISO shall extend the designation for another sixty (60) days. During this additional sixty (60) day period, the CAISO will provide Market Participants with an opportunity to provide alternative solutions to meet the CAISO's operational and reliability needs in response to the CPM Significant Event, rather than rely on the CAISO's designation of capacity under the CPM. The CAISO shall consider and implement, if acceptable to the CAISO in accordance with Good Utility Practice, such alternative solutions provided by Market Participants in a timely manner. If Market Participants do not submit any alternatives to the designation of CPM capacity that are fully effective in addressing the deficiencies in Reliability Criteria resulting from CPM Significant Event, the CAISO shall extend the term of the designation under Section 43.2.4 for the expected duration of the CPM Significant Event.~~

~~If the solutions offered by Market Participants are only partially effective in addressing the CAISO's operational and reliability needs resulting from the CPM Significant Event, the CAISO shall extend the designation under Section 43.2.4 for the expected duration of the CPM Significant Event, but only as to~~

~~the amount of CPM Capacity necessary to satisfy the CAISO's operational and reliability needs after taking into account the effective capacity provided by the alternative solution. If there is a reasonable alternative solution that fully resolves the CAISO's operational and reliability needs, the CAISO will not extend the designation under Section 43.2.4.~~

43.3.6 [Not Used] Term—Exceptional Dispatch CPM

~~The CAISO shall make an explicit determination for each initial Exceptional Dispatch CPM designation as to whether it was necessary to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need. Exceptional Dispatch CPM Capacity designated under Section 43.2.5 for an Exceptional Dispatch CPM System Reliability Need shall have an Exceptional Dispatch CPM Term of thirty (30) days. If the CAISO determines that the circumstances that led to the Exceptional Dispatch are likely to extend beyond the initial thirty (30) day period, the CAISO shall issue an Exceptional Dispatch CPM or other CPM designation for an additional thirty (30) days. Exceptional Dispatch CPM Capacity designated under Section 43.2.5 for an Exceptional Dispatch CPM Non-System Reliability Need shall have an Exceptional Dispatch CPM Term of sixty (60) days. If the CAISO determines that the circumstances that led to the Exceptional Dispatch are likely to extend beyond the initial sixty (60) day period, the CAISO shall issue an Exceptional Dispatch CPM or other CPM designation for an additional sixty (60) days.~~

43.3.7 [Not Used] Term—Capacity At Risk Of Retirement Needed For Reliability

~~A CPM designation for Capacity at risk of retirement under Section 43.2.6 shall have a minimum commitment term of one (1) month and a maximum commitment term of one (1) year, based on the number of months for which the capacity is to be procured within the current RA Compliance Year. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year. The CAISO shall rescind the CPM designation for any month during which the resource is under contract with an LSE to provide RA Capacity.~~

43.3.8 [Not Used] Term—Flexible Capacity CPM Designation

- ~~(a) — **Annual Plan.** A Flexible Capacity CPM designation under Section 43.2.7 for the failure to show sufficient Flexible RA Capacity in an annual Flexible RA Capacity Plan shall have a minimum commitment term of one month and a maximum commitment term of one~~

~~year, based on the period(s) of overall shortage reflected in the annual plans. The term of a Flexible Capacity CPM designation under this Section must begin and end during the same calendar year.~~

~~(b) **Monthly Plan.** A Flexible Capacity CPM designation under Section 43.2.7 for the failure to show sufficient Flexible RA Capacity in a monthly Flexible RA Capacity Plan shall have a commitment term of one month. The term of a Flexible Capacity CPM designation under this Section must begin and end during the same calendar month.~~

43.4 [Not Used] Selection Of Eligible Capacity Under The CPM

~~In accordance with Good Utility Practice, the CAISO shall make designations of Eligible Capacity as CPM Capacity or CPM Flexible Capacity under Section 43.1 by applying the following criteria in the order listed:~~

- ~~(1) the effectiveness of the Eligible Capacity at meeting the designation criteria specified in Section 43.2;~~
- ~~(2) the capacity costs associated with the Eligible Capacity;~~
- ~~(3) the quantity of a resource's available Eligible Capacity, based on a resource's PMin, relative to the remaining amount of capacity needed;~~
- ~~(4) the operating characteristics of the resource, such as dispatchability, Ramp Rate, and load-following capability;~~
- ~~(5) whether the resource is subject to restrictions as a Use-Limited Resource; and~~
- ~~(6) for designations under Section 43.2.3, the effectiveness of the Eligible Capacity in meeting local and/or zonal constraints or other CAISO system needs.~~

~~In applying these selection criteria, the goal of the CAISO is to designate lower cost resources that will be effective in meeting the reliability needs underlying the CPM designations. In making this determination, the CAISO will apply the first criterion to identify the effective Eligible Capacity by considering the effectiveness of the resources at meeting the designation criteria for the type of CPM to be issued and at resolving the underlying reliability need. The CAISO will apply the second criterion by considering the cost of the effective Eligible Capacity. The CAISO will endeavor to designate a resource at the CPM Capacity price determined in accordance with Section 43.7.1 before selecting a resource with a higher~~

~~unit-specific CPM Capacity price specified under Section 43.7.2. The CAISO will endeavor to designate resources that have specified a capacity price before designating resources that have not specified a CPM Capacity price under Section 43.7.2.1. The CAISO will apply the third criterion by considering the quantity of a resource's Eligible Capacity. The CAISO will endeavor to select a resource that has a PMin at or below the capacity that is needed to meet the reliability need before selecting a resource that has a PMin that would result in over procurement. The CAISO will apply the fourth criterion by considering specific operating characteristics of a resource, such as dispatchability, ramp rate, and load following capability to the extent that such characteristics are an important factor in resolving the reliability need. The CAISO will apply the fifth criterion by considering whether a resource is use limited and whether that status may restrict its ability to be available to the CAISO in the Day Ahead Market and Real Time Market throughout the period for which it is being procured. To the extent that use limited resources are capable of performing the required service for the duration of the CPM designation, the CAISO will not unduly discriminate in favor of non Use Limited resources when applying the selection criteria. The CAISO will apply the sixth criterion by considering the effectiveness of the Eligible Capacity to meet local and/or zonal constraints or other CAISO system needs for CPM designations under 43.2.3. If after applying these criteria, two or more resources that are eligible for designation equally satisfy these criteria, the CAISO shall utilize a random selection method to determine the designation between those resources. While the CAISO does not have to designate the full capability of a resource, the CAISO may designate under the CPM an amount of CPM Capacity from a resource that exceeds the amount of capacity identified to ensure compliance with the Reliability Criteria set forth in Section 40.3 due to the PMin or other operational requirements/limits of a resource that has available capacity to provide CPM service. The CAISO shall not designate the capacity of a resource for an amount of capacity that is less than the resource's PMin.~~

43.4.1 ~~[Not Used] Limitation of Eligibility for Flexible Capacity CPM Designation~~

- ~~(a) **Committed Capacity.** Capacity committed as RA Capacity, Flexible RA Capacity, RA Replacement Capacity, RA Substitute Capacity, RMR Capacity, or CPM Capacity shall not be eligible to receive a Flexible Capacity CPM designation for the duration of that commitment.~~

~~(b) — **Operationally Unavailable Capacity.** Capacity on, or scheduled to be on, a Forced Outage, Approved Maintenance Outage, or de-rate, is not operationally available and shall not be eligible to receive a Flexible Capacity CPM designation for the duration of that unavailability.~~

~~**43.4.2 [Not Used] Designation Amount.** While the CAISO does not have to designate the full capability of a resource, the CAISO may designate under the CPM an amount of CPM Capacity or CPM Flexible Capacity from a resource that exceeds the amount of capacity identified to ensure compliance with the Reliability Criteria set forth in Section 40.3 due to the PMin or other operational requirements/limits of a resource that has available capacity to provide CPM service. The CAISO shall not designate the capacity of a resource for an amount of capacity that is less than the resource's PMin.~~

~~**43.4.3 [Not Used] Simultaneous Designations.** In the event the CAISO determines that a CPM designation must be issued to resolve a collective deficiency of system RA Capacity under Section 43.2.3 and that Flexible Capacity CPM designation must be issued to resolve a cumulative deficiency of Flexible RA Capacity under Section 43.2.7 for annual or monthly plans covering the same or overlapping time periods, the CAISO will apply the criteria in Section 43.4 and endeavor to designate capacity that will be effective in resolving both underlying reliability needs—~~

~~(1) — If the MW amount of the simultaneous or overlapping designation is sufficient to resolve both underlying reliability needs, no further designation of CPM Capacity or CPM Flexible Capacity will be issued.~~

~~(2) — If the MW amount of the simultaneous or overlapping designation is not sufficient to resolve both underlying reliability needs, the CAISO may designate additional CPM Capacity or CPM Flexible Capacity to cover the remaining deficiency.~~

~~**43.5 [Not Used] Obligations of a Resource Designated Under the CPM**~~

~~**43.5.1 [Not Used] Availability Obligations.** Capacity and CPM Flexible Capacity from resources designated under the CPM shall be subject to all of the availability, dispatch, testing, reporting, verification and any other applicable requirements imposed under Section 40.6 or Section 40.10.6 as applicable to Resource Adequacy Resources identified in Resource Adequacy Plans and Flexible RA Capacity resources identified in Resource Flexible RA Capacity Plans. In accordance with those requirements,~~

~~GPM Capacity designated under the CPM shall meet the Day Ahead availability requirements specified in Section 40.6.1 and the Real Time availability requirements of Section 40.6.2, and CPM Flexible Capacity shall meet the Day Ahead and Real Time availability requirements specified in Section 40.10.6.1. Also in accordance with those requirements, Generating Units designated under the CPM that meet the definition of Short Start Units shall have the obligation to meet the additional availability requirements of Section 40.6.3, and Generating Units designated under the CPM that meet the definition of Long Start Units will have the rights and obligations specified in Section 40.6.7.1.~~

~~If the CAISO has not received an Economic Bid or a Self-Schedule for CPM Capacity, the CAISO shall utilize a Generated Bid in accordance with the procedures specified in Section 40.6.8. In addition to Energy Bids, resources designated under the CPM shall submit Ancillary Service Bids for their CPM Capacity and CPM Flexible Capacity to the extent that the resource is certified to provide the Ancillary Service.~~

43.5.2 [Not Used] Obligation to Provide Capacity and Termination

~~The decision to accept a CPM or Flexible Capacity CPM designation shall be voluntary for the Scheduling Coordinator for any resource. If the Scheduling Coordinator for a resource accepts an CPM designation, it shall be obligated to perform for the full quantity and full period of the designation with respect to the amount of CPM Capacity for which it has accepted an CPM designation. If the Scheduling Coordinator for a resource accepts a Flexible Capacity CPM designation, the resource shall be obligated to perform for the full quantity and full period of the designation, subject to the must-offer obligation in Section 40.10.6 that applies to the Flexible Capacity Category of the resource that was designated. If a Participating Generator's or Participating Load's Eligible Capacity is designated under the CPM after the Participating Generator or Participating Load has filed notice to terminate its Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement or withdraw the Eligible Capacity from its Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, and the Scheduling Coordinator for the resource agrees to provide service under the CPM, then the Scheduling Coordinator shall enter into a new Participating Generator Agreement, Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, as applicable, with the CAISO.~~

43.5.3 ~~[Not Used] Availability Obligations for Simultaneous Designations.~~ ~~To the extent a resource accepts simultaneous or overlapping designations as CPM Capacity and CPM Flexible Capacity under Section 43.4.3, that resource shall be subject to the must-offer obligations for both designations.~~

43.6 ~~[Not Used] Reports~~

~~The CAISO shall publish the following reports and notices.~~

43.6.1 ~~[Not Used] CPM Designation Market Notice~~

~~The CAISO shall issue a Market Notice within two (2) Business Days of a CPM designation under Sections 43.2.1 through 43.2.6. CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.9.4. The Market Notice shall include a preliminary description of what caused the CPM designation, the name of the resource(s) procured, the preliminary expected duration of the CPM designation, the initial designation period, and an indication that a designation report is being prepared in accordance with Section 43.6.2. For Exceptional Dispatch CPM designations, the market notice shall additionally indicate whether the designation was made to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need, specify the quantity of the Exceptional Dispatch CPM capacity that was procured and the Exceptional Dispatch CPM Term, and identify the engineering assessment the CAISO used to determine the quantity of capacity needed from the resource to address the reliability issue.~~

43.6.2 ~~[Not Used] Designation of a Resource Under the CPM~~

~~The CAISO shall post a designation report to the CAISO Website and provide a Market Notice of the availability of the report within the earlier of thirty (30) days of procuring a resource under Sections 43.2.1 through 43.2.6 or ten (10) days after the end of the month. The designation report shall include the following information:~~

- ~~(1) — A description of the reason for the designation (LSE procurement shortfall, Local Capacity Area Resource effectiveness deficiency, or CPM Significant Event), and an explanation of why it was necessary for the CAISO to utilize the CPM authority);~~
- ~~(2) — The following information would be reported for all backstop designations:
 - ~~(a) — the resource name;~~
 - ~~(b) — the amount of CPM Capacity and/or CPM Flexible Capacity designated (MW);~~~~

- ~~(c) — an explanation of why that amount of CPM Capacity and/or CPM Flexible Capacity was designated,~~
- ~~(d) — the date CPM Capacity and/or CPM Flexible Capacity was designated,~~
- ~~(e) — the duration of the designation; and~~
- ~~(f) — the price for the CPM procurement.~~
- ~~(3) — If the reason for the designation is a CPM Significant Event, the CAISO will also include:
 - ~~(a) — a discussion of the event or events that have occurred, why the CAISO has procured CPM Capacity, and how much has been procured;~~
 - ~~(b) — an assessment of the expected duration of the CPM Significant Event;~~
 - ~~(c) — the duration of the initial designation (thirty (30) days); and~~
 - ~~(d) — a statement as to whether the initial designation has been extended (such that the backstop procurement is now for more than thirty (30) days), and, if it has been extended, the length of the extension.~~~~
- ~~(4) — If the reason for the designation is Exceptional Dispatch CPM Capacity, the CAISO will also include additional information about the CAISO's determination of the quantity and term of the designation, which supplements the information included in the market notice issued pursuant to Section 43.6.1.~~

43.6.3 [Not Used] Non-Market And Repeated Market Commitment Of Non-RA Capacity

~~Within ten (10) calendar days after the end of each month, the CAISO shall post a report to the CAISO Website that identifies for the prior month:~~

- ~~(1) — Any non-market commitments of non-Resource Adequacy Capacity; and~~
- ~~(2) — All market commitments of non-Resource Adequacy Capacity.~~

~~The CAISO will provide a Market Notice of the availability of this report. The report will not include commitments of RMR Generation capacity, Resource Adequacy Capacity or designated CPM Capacity.~~

~~The report shall include the following information:~~

- ~~(a) — the name of the resource;~~
- ~~(b) — the IOU Service Area and Local Capacity Area (if applicable);~~
- ~~(c) — the maximum capacity committed in response to the event (MW);~~

- ~~(d) — how capacity was procured (for example, by RUC or Exceptional Dispatch);~~
- ~~(e) — the reason capacity was committed; and~~
- ~~(f) — information as to whether or not all Resource Adequacy Resources and previously-designated CPM Capacity were used first and, if not, why they were not.~~

43.6.4 [Not Used]

43.7 [Not Used] Payments to Resources Designated Under the CPM

~~Within thirty (30) days of the effective date of this Section 43, Scheduling Coordinators for Eligible Capacity may submit to the CAISO an intention to be paid a monthly ICPM Capacity Payment under Section 43.6.1 or Section 43.6.2. Scheduling Coordinators for Eligible Capacity will be able to change their selections annually within thirty (30) days of a CAISO Market Notice seeking such payment preferences. To the extent a Scheduling Coordinator for Eligible Capacity does not submit a selection to be compensated in accordance with Section 43.6.1, the Scheduling Coordinator shall be deemed to have selected to be paid on a resource-specific basis pursuant to Section 43.6.2, for purposes of the CAISO's CPM designation determinations.~~

43.7.1 [Not Used] Monthly CPM Capacity Payment

~~On February 16, 2012, the fixed CPM Capacity price of \$67.50/kW-year shall become effective and shall remain in effect for two (2) years. On February 16, 2014, the fixed CPM Capacity price shall increase by five (5) percent and the effective price shall be \$70.88/kW-year, which shall remain in effect for two (2) years until February 16, 2016. The fixed CPM Capacity price shall also apply to CPM Flexible Capacity payments.~~

43.7.1.1 ~~————~~ Calculation of Monthly CPM Capacity Payment

~~Scheduling Coordinators representing resources receiving payment under Section 43.7.1 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity or CPM Flexible Capacity, the relevant CPM Availability Factor for Forced Outages, as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule 6, the effective fixed CPM Capacity price per kW-year and the CPM Availability Percentage for Maintenance Outages, so that the formula for determining the monthly CPM Capacity Payment would be as follows:~~

~~(CPM Capacity MW) x (CPM Availability Factor for Forced Outages) x (1/12 monthly shaping factor) x (effective fixed CPM Capacity price per kW-year) x CPM Availability Percentage for Maintenance Outages.~~

~~The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-temperature-related ambient de-rates to (2) the product of CPM Capacity MW and the total hours in the month.~~

~~The foregoing formula shall apply to all CPM Capacity and CPM Flexible Capacity receiving monthly CPM Capacity Payments under this Section 43.7.1 except for CPM Capacity designated to respond to a CPM Significant Event or an Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month to the total number of days in the month.~~

~~For purposes of CPM designations, except for designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate, to (2) the product of CPM Capacity MW and the total hours in the month.~~

~~For purposes of CPM designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate, to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.~~

43.7.1.2 — Payments for Simultaneous Designations

~~If a resource accepts simultaneous or overlapping designations as CPM Capacity and CPM Flexible Capacity, the MW amount of the CPM capacity payments for the period the designations overlap shall be the highest MW amount of either designation. The resource shall not be provided with two CPM payments for the same capacity.~~

43.7.2 [Not Used] Resource-Specific CPM Capacity Payment

~~If a Scheduling Coordinator for Eligible Capacity believes that the fixed CPM Capacity price per KW-year in effect under Section 43.7.1 will not compensate a resource for its going forward costs, as calculated in accordance with the formula provided in Section 43.7.2.2, the Scheduling Coordinator may annually in accordance with Section 43.7, inform the CAISO of what proposed higher CPM Capacity price or CPM Flexible Capacity price would compensate the resource for its going forward costs and which the Scheduling Coordinator is willing to have the CAISO use for purposes of the CPM designation process ("going forward cost offer price").~~

43.7.2.1 ~~————~~ Failure to Submit Going Forward Cost Offer Price

~~A Scheduling Coordinator for a resource is not required to submit a specific going forward cost offer price for such resource under the process provided for in Section 43.7; however, except for an Exceptional Dispatch CPM designation, a Scheduling Coordinator that has not previously identified the going forward cost offer price for a resource must notify the CAISO of what that price is before any CAISO designation of that resource's capacity as CPM Capacity or CPM Flexible Capacity can become effective. In the case of an Exceptional Dispatch CPM designation on behalf of a resource that has not selected the supplemental revenues option, the CPM designation shall become effective notwithstanding the resource's failure to select compensation pursuant to Section 43.7.1 or to identify a going forward cost offer price pursuant to Section 43.7.2. In such a case, the CAISO shall use the compensation under Section 43.7.1 for both dispatch and compensation for the Exceptional Dispatch CPM Term. In the case of a Scheduling Coordinator that has not previously identified the going forward cost offer price for a resource, the cap on supplemental revenues under Section 39.10.4 will be calculated using the monthly capacity payment under Section 43.7.1.~~

43.7.2.1.1 ~~————~~ Determination of Capacity Price

~~If the CAISO designates a resource that has proposed a CPM Capacity or CPM Flexible Capacity price~~

~~above the fixed CPM Capacity price per kW-year in effect under Section 43.7.1, and the sales from the resource are under the jurisdiction of the FERC, the Scheduling Coordinator for the resource shall make a limited resource-specific filing before the FERC to determine the just and reasonable capacity price for the going forward costs for the resource to be used in applying the CAISO's FERC jurisdictional monthly CPM Capacity Payment formula. If the sales from the resource are not under the jurisdiction of the FERC, the Scheduling Coordinator for the resource shall make a non-jurisdictional filing with the FERC to determine the just and reasonable capacity price for the going forward costs for the resource to be used in applying the CAISO's FERC jurisdictional monthly CPM Capacity Payment formula.~~

~~43.7.2.1.2~~ **Going Forward Cost**

~~In making the cost justification filing with FERC for a CPM Capacity or CPM Flexible Capacity price above the fixed CPM Capacity price per kW-year under Section 43.7.1, the Scheduling Coordinator for the resource may not propose—and shall not get paid—an amount higher than the going forward cost offer price that it had previously proposed to the CAISO as its going forward cost offer price under Section 43.7 or this Section 43.7.2, either prior to or at the time of CPM designation.~~

~~Going forward costs for any resource-specific filing under this Section shall be calculated based on the following formula:~~

~~(fixed operation & maintenance costs, plus ad valorem taxes, plus administrative & general costs, plus ten (10) percent of the foregoing amounts),
provided such costs shall be converted to a fixed \$/kW-year amount.~~

~~43.7.2.2~~ **Resource-Specific Monthly CPM Capacity Payment**

~~Scheduling Coordinators representing resources receiving payment under Section 43.7.2 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity or CPM Flexible Capacity, the relevant CPM Availability Factor for Forced Outages as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule 6, the resource-specific CPM Capacity price, as determined by FERC and the CPM Availability Percentage for Maintenance Outages, in accordance with the following formula:~~

~~(CPM Capacity MW) x (CPM Availability Factor for Forced Outages) x (1/12 monthly shaping factor) x (the resource-specific CPM Capacity price as determined by FERC) x CPM Availability Percentage for~~

~~Maintenance Outages.~~

~~The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-temperature-related ambient de-rate to (2) the product of CPM Capacity MW and the total hours in the month.~~

~~The foregoing formula shall apply to all CPM Capacity or CPM Flexible Capacity receiving monthly CPM Capacity Payments under Section 43.7.2 except for CPM Capacity designated to respond to a CPM Significant Event or Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month and available to the CAISO to the total number of days in the month.~~

~~Prior to the determination by FERC of the resource specific going forward costs for CPM Capacity or CPM Flexible Capacity designated and paid pursuant to Section 43.7.2, the CAISO shall proceed as follows. For the period between the CAISO's designation and the FERC's determination, the CAISO shall utilize the fixed CPM Capacity price per kW-year in effect under Section 43.7.1 for purposes of the resource specific monthly CPM Capacity Payment for financial Settlement. This amount shall be subject to surcharge based on the outcome of the FERC proceeding so that the resource will receive any higher actual resource specific payment as determined by FERC for the full period of the CPM designation.~~

~~Once approved by FERC, the CAISO shall apply the higher of the fixed CPM Capacity price per kW-year in effect under Section 43.7.1 or the resource specific CPM Capacity price as determined by the FERC.~~

~~For purposes of CPM and Flexible Capacity CPM designations, except for designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rates, to (2) the product of CPM Capacity MW and the total hours in the month.~~

~~For purposes of CPM designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all~~

~~hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available and is not on an authorized Outage, to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.~~

~~For purposes of this Section 43.7.2, an authorized Outage shall be limited to a CAISO Approved Maintenance Outage.~~

43.7.3 [Not Used] Market Payments

~~In addition to the CPM Capacity Payment identified in Section 43.7, CPM resources, including Flexible Capacity CPM resources, shall be entitled to retain any revenues received as a result of their selection in the CAISO Markets, provided, however, that CPM resources required to participate in the RUC process will be optimized using a zero (\$0) dollar RUC Availability Bid and are not eligible to receive compensation through the RUC process.~~

43.8 [Not Used] Allocation of CPM Capacity Payment Costs

~~For each month, the CAISO shall allocate the costs of CPM Capacity Payments made pursuant to Section 43.7 as follows:~~

43.8.1 [Not Used] LSE Shortage of Local Capacity Area Resources in Annual Plan

~~If the CAISO makes CPM designations under Section 43.2.1.1 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its annual Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro-rata to each Scheduling Coordinator for an LSE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area. The Local Capacity Area Resource Deficiency under this Section shall be computed on a monthly basis and the CPM Capacity Payments allocated based on deficiencies during the month(s) covered by the CPM designation(s).~~

43.8.2 [Not Used] LSE Shortage of Local Capacity Area Resources in Month Plan

~~If the CAISO makes CPM designations under Section 43.2.1.2 to address a shortage resulting from the~~

failure of a Scheduling Coordinator for an LSE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its monthly Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro-rata to each Scheduling Coordinator for an LSE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area.

43.8.3 [Not Used] Collective Deficiency In Local Capacity Area Resources

If the CAISO makes designations under Section 43.2.2, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs serving Load in the TAC Area(s) in which the deficient Local Capacity Area was located. The allocation will be based on the Scheduling Coordinators' proportionate share of Load in such TAC Area(s) as determined in accordance with Section 40.3.2, excluding Scheduling Coordinators for LSEs that procured additional capacity in accordance with Section 43.2.1.2 on a proportionate basis, to the extent of their additional procurement.

43.8.4 [Not Used] LSE Shortage Of Demand Or Reserve Margin Requirement In Plan

If the CAISO makes CPM designations under Section 43.1.3, then the CAISO will allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro-rata to each LSE based on the proportion of its deficiency to the aggregate deficiency.

43.8.5 [Not Used] Allocation of CPM Significant Event Costs

If the CAISO makes any CPM Significant Event designations under Section 43.2.4, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the CPM Significant Event caused or threatened to cause a failure to meet Reliability Criteria based on the percentage of actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

43.8.6 [Not Used] Allocation of Exceptional Dispatch CPMs

If the CAISO makes any Exceptional Dispatch CPM designations under Section 43.2.5, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the need for the Exceptional Dispatch CPM arose based on the percentage of

~~actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.~~

43.8.7 ~~[Not Used] Allocation of CPM Costs For Resources at Risk of Retirement~~

~~If the CAISO makes any CPM designations under Section 43.2.6 for resources at risk of retirement needed for reliability, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the need for the CPM designation arose based on the percentage of actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.~~

43.8.8 ~~[Not Used] Allocation of CPM Flexible Capacity Costs~~

~~(a) **Calculation of Deficiency by LRA.**~~

~~(1) The CAISO will determine whether each Local Regulatory Authority met its allocable share of the Flexible Capacity Need based on the cumulative amount of Flexible RA Capacity that Local Regulatory Authority's jurisdictional Load Serving Entities included in their annual and monthly Flexible RA Capacity Plans in total, and included in their monthly Flexible RA Capacity Plans for each Flexible Capacity Category.~~

~~(2) The CAISO will calculate the total amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans collectively for all Load Serving Entities within the Local Regulatory Authority, and the total amount included in the monthly Flexible RA Capacity Plans for each Flexible Capacity Category using the minimum or maximum quantity, as applicable, for each category, and using the Effective Flexible Capacity value calculated under Section 40.10.4 for each resource designated in a plan as a Flexible RA Capacity Resource.~~

~~(b) **Allocation By CAISO Method.**~~

~~(1) If the amount of Flexible RA Capacity the jurisdictional Load Serving Entities included in their annual Flexible RA Capacity Plans or monthly Flexible RA~~

~~Capacity Plans, in total and in each Flexible Capacity Category, meets or exceeds the applicable Flexible Capacity Need allocated to their Local Regulatory Authority, the CAISO will not allocate any of the CPM Flexible Capacity costs to the Scheduling Coordinators for those Load Serving Entities.~~

~~(2) If the amount of Flexible RA Capacity the jurisdictional Load Serving Entities included in their annual Flexible RA Capacity Plans or monthly Flexible RA Capacity Plans, either in total or for a Flexible Capacity Category, is less than the applicable Flexible Capacity Need allocated to their Local Regulatory Authority, and that Local Authority has not established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities, the CAISO will allocate the CPM Flexible Capacity costs proportionately to the Scheduling Coordinator of each jurisdictional Load Serving Entity that failed to meet its procurement obligation.~~

~~(c) **Allocation by Local Regulatory Authority Method.** If Load Serving Entities jurisdictional to a Local Regulatory Authority have a cumulative deficiency under Section 43.8.8(a) and the Local Regulatory Authority has established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities, the CAISO will use the Local Regulatory Authority's methodology to allocate the CPM Flexible Capacity costs to the Scheduling Coordinator of each Load Serving Entity that is jurisdictional to that Local Regulatory Authority and that failed to meet its procurement obligation.~~

~~(d) **Reduction of Cost Allocation.** If the CAISO issues a Flexible Capacity CPM designation, a Scheduling Coordinator for a Load Serving Entity that was deficient, but provided additional Flexible RA Capacity in a revised annual or monthly Flexible RA Capacity Plan consistent with the Market Notice under Section 43.2.7.1—~~

~~(1) will be not be allocated a share of the Flexible Capacity CPM procurement costs if the additional Flexible RA Capacity included in that LSE's revised LSE Flexible RA Capacity Plan resolved the total deficiency of that Load Serving Entity; or~~

~~(2) will be allocated a share of the Flexible Capacity CPM procurement costs on a proportionate basis to the extent that Load Serving Entity has a remaining partial deficiency.~~

43.9 [Not Used] Crediting of CPM Capacity

~~The CAISO shall credit CPM designations to the resource adequacy obligations of Scheduling Coordinators for Load Serving Entities as follows:~~

~~(a) To the extent the cost of CPM designation under Section 43.2.1.1 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.1, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards (1) the LSE's Local Capacity Area Resource obligation under Section 40.3.2 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43.2.1.1 and (2) the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43.2.1.1.~~

~~(b) To the extent the cost of CAISO designation under Section 43.2.2 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.3, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43.2.2.~~

~~(c) To the extent the cost of CPM designation under Section 43.2.3 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.4, and the designation is for greater than one month under Section 43.3.4, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43.2.3.~~

~~(d) To the extent the cost of CPM designation under Section 43.2.6 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.7, and the designation is for greater than one month under Section 43.3.7, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Demand and Reserve Margin requirements determined~~

~~under Section 40 in an amount equal to the LSE's pro rata share of the CPM Capacity designated under Section 43.2.6.~~

~~(e) — The credit provided in this Section shall be used for determining the need for the additional designation of CPM Capacity under Section 43.2 and for allocation of CPM costs under Section 43.8.~~

~~(f) — For each Scheduling Coordinator that is provided credit pursuant to this Section, the CAISO shall provide information, including the quantity of capacity procured in MW, necessary to allow the CPUC, other Local Regulatory Authority, or federal agency with jurisdiction over the LSE on whose behalf the credit was provided to determine whether the LSE should receive credit toward its resource adequacy requirements adopted by such agencies or authorities.~~

~~(g) — To the extent the cost of Flexible Capacity CPM designation under Section 43.2.7 is allocated to a Scheduling Coordinator for an LSE under Section 43.8.8, and the designation is for greater than one month under Section 43.3.8, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE's Flexible Capacity requirements determined under Section 40 in an amount equal to the LSE's pro rata share of the CPM Flexible Capacity designated under Section 43.2.7.~~

43.10 [Not Used]

* * * * *

43A.3.2 SC Month Plan Failure to Show Local Capacity Area Resources

CPM Capacity designated under Section 43A.2.12.2 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

* * * * *

43A.6.1 CPM Designation Market Notice

The CAISO shall issue a Market Notice within two (2) Business Days of a CPM designation under Sections 43A.2.1 through 43A.2.6. CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.119.4. The Market Notice shall include a preliminary description of what caused the CPM designation, the name of the resource(s) procured, the preliminary expected duration of the CPM designation, the initial designation period, and an indication that a designation report is being prepared in accordance with Section 43A.6.2. For Exceptional Dispatch CPM designations, the market notice shall additionally indicate whether the designation was made to address an Exceptional Dispatch CPM System Reliability Need or an Exceptional Dispatch CPM Non-System Reliability Need, specify the quantity of the Exceptional Dispatch CPM capacity that was procured and the Exceptional Dispatch CPM Term, and identify the engineering assessment the CAISO used to determine the quantity of capacity needed from the resource to address the reliability issue.

* * * * *

Appendix A

Master Definitions Supplement

* * * * *

~~- [Not Used] AGR~~

~~All Constraints Run~~

* * * * *

- Business Practice Manuals (BPMs)

A collection of documents made available by the CAISO on the CAISO Website that contain the rules, policies, procedures and guidelines established by the CAISO for operational, planning, accounting and settlement requirements of CAISO Market activities, consistent with the CAISO Tariff.

* * * * *

- CAISO Forecast of CAISO Demand

The forecast of CAISO Demand made by the CAISO for use in the CAISO Markets.

* * * * *

- Capacity Procurement Mechanism (CPM)

The Capacity Procurement Mechanism, as set forth in Section 43A.

* * * * *

- ~~[Not Used] CCR~~

~~Competitive Constraints Run~~

* * * * *

- CPM Capacity

Capacity of Generating Units, System Units, System Resources, PDR or Participating Load that is designated under the CPM in accordance with Section 43A during the term of the designation. Flexible Capacity CPM is one form of CPM Capacity.

* * * * *

- Energy-Only Deliverability Status

A condition elected by an Interconnection Customer for a ~~Large~~ Generating Facility interconnected with the CAISO Controlled Grid the result of which is that the Interconnection Customer is responsible only for the costs of Reliability Network Upgrades and is not responsible for the costs of Delivery Network Upgrades, but the ~~Large~~ Generating Facility will be deemed to have a Net Qualifying Capacity of zero, and, therefore, cannot be considered to be a Resource Adequacy Resource.

* * * * *

- Energy Resource Area (ERA)

A geographic region certified by the California Public Utilities Commission and the California Energy Commission as an area in which multiple LCRIGs could be located, provided that, for the interim period before those agencies certify such areas and for LCRIFs that are proposed to connect LCRIGs located outside the State of California, an Energy Resource Area shall mean a geographic region that would be connected to the CAISO Controlled Grid by an LCRIF with respect to which the CAISO Governing Board determines that all of the requirements of Section 24.4.61-3 are satisfied, except for the requirement that the LCRIGs to which the LCRIF would connect are located in an area certified as an ERA by those agencies.

* * * * *

- Exceptional Dispatch CPM

An Exceptional Dispatch CPM under Section 43A.24.5 with a term of 30 or 60 days.

* * * * *

- Exceptional Dispatch Term

The term of each Exceptional Dispatch CPM designation, as determined pursuant to Section 43A.3.6.

* * * * *

- Fifteen-Minute Market (FMM)

A Real-Time market procedure conducted throughout the Operating Day in fifteen-minute increments prior to the RTD, to clear Bids for Energy and Ancillary Services from imports and exports, internal Supply and CAISO Forecast of CAISO Demand, as further specified in Section 34.5.

* * * * *

- Interconnection Base Case Data

Data including, but not limited to, base power flow, short circuit and stability databases, underlying Load, Generation, and transmission facility assumptions, Contingency lists and automated contingency files, including relevant Remedial Action Schemes, Operating Procedures, per unit costs, and transmission diagrams used to perform Phase I Interconnection Studies and Phase II Interconnection Studies.

Interconnection Base Case Data may include Critical Energy Infrastructure Information (as that term is defined by FERC). The Interconnection Base Case Data shall include transmission facilities approved by the CAISO under Section 24 and Network Upgrades associated with Generation Facilities in (iv) below and Generating Facilities that (i) are directly interconnected to the CAISO Controlled Grid; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending request to interconnect to an Affected System; or (iv) are not interconnected to the CAISO Controlled Grid, but are subject to a fully executed LGIA (or its equivalent predecessor agreement) or for which an unexecuted LGIA (or its equivalent predecessor agreement) has been requested to be filed with FERC. To the maximum extent practicable, the Interconnection Base Case Data shall utilize the Unified Planning Assumptions developed pursuant to Section 24.32.4.

* * * * *

- Location Constrained Resource Interconnection Facility

A Transmission Facility that has been determined by the CAISO to satisfy all of the requirements of Section 24.4.4.6.3.

* * * * *

- Market Manipulation

Market Manipulation has the meaning set forth in ~~18 C.F.R. § 1c-Section 37.7.~~

* * * * *

- Measured Demand

~~**THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.**~~

The metered CAISO Demand plus Real-Time Interchange Export Schedules, excluding that portion of Demand of Non-Generator Resources dispatched as Regulation through Regulation Energy Management.

* * * * *

- Non-Generator Resources

~~**THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.**~~

Resources that operate as either Generation or Load and that can be dispatched to any operating level within their entire capacity range but are also constrained by a MWh limit to (1) generate Energy, (2) curtail the consumption of Energy in the case of demand response, or (3) consume Energy.

* * * * *

~~**- [Not Used] OTC**~~

~~Operating Transfer Capability~~

* * * * *

~~**- [Not Used] Participating Intermittent Resource Export Fee**~~

~~Fee based on Schedule 4 of Appendix F and Section 5.3 of Appendix Q.~~

* * * * *

~~**- [Not Used] Planning Standards Committee**~~

~~The committee appointed under Section 24.2.1.~~

* * * * *

- Pre-Construction Activities

Actions by a Participating TO, other than those required by an Engineering and Procurement Agreement under GIP Section 10 in Appendix Y, and Section 12 of Appendix DD, undertaken prior to Construction Activities in order to prepare for the construction of Participating TO's Interconnection Facilities or Network Upgrades assigned to the Interconnection Customer, including, but not limited to, preliminary engineering, permitting activities, environmental analysis, or other activities specifically needed to obtain governmental approvals for the Participating TO's Interconnection Facilities or Network Upgrades.

* * * * *

- Real-Time Dispatch (RTD)

The SCED and SCUC software used by the CAISO to determine which ~~Ancillary Service and Imbalance Energy~~ resources to Dispatch and to calculate LMPs.

* * * * *

- Real-Time Market (RTM)

The spot market conducted by the CAISO using SCUC and SCED in the Real-Time which includes the HASP, FMM, STUC and the RTD for the purpose of Unit Commitment, Ancillary Service procurement, Congestion Management and Energy procurement based on Supply Bids and CAISO Forecast ~~Of~~ CAISO Demand.

* * * * *

- Regulation Energy Management

~~THIS TARIFF SECTION WILL BECOME EFFECTIVE ON NOVEMBER 27, 2012.~~

A market feature for resources located within the CAISO Balancing Authority Area that require Energy from the Real-Time Market to offer their full capacity as Regulation, as described in Section 8.4.1.2.

* * * * *

- Request Window

The period of time as set forth in the Business Practice Manual during which transmission additions or upgrades, requests for Economic Planning Studies, and other transmission related information is submitted to the CAISO in accordance with Section 24.~~42.12~~.

* * * * *

- Rules ~~o~~of Conduct

The rules set forth in Sections 37.2 through 37.~~67~~.

* * * * *

- Scheduling Coordinator Metered Entity

Pursuant to Section 10.1, an eligible entity that has elected that its Scheduling Coordinator will process and submit its Settlement Quality Meter Data to the CAISO. Eligible entities include:

- i. a Generator, including Participating Generators and QFs;
- ii. a Utility Distribution Company or Small Utility Distribution Company;
- iii. a Participating Intermittent Resource;
- iv. an EIM Entity or EIM Participating Resource;
- v. a Proxy Demand Resource or Reliability Demand Response Resource;
- vi. a Distributed Energy Resource;
- vii. an End User; and
- viii. ~~a utility that requests that Unaccounted For Energy for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the system of other utilities; and~~
- ~~ix. —~~ Tie Point Meters with other Transmission Owners or Balancing Authority Areas.

* * * * *

- Study Plan

The plan to be developed pursuant to Section 24.~~32~~.1, which sets forth the technical studies to be performed during the annual Transmission Planning Process.

* * * * *

- ~~[Not Used] TAC Transition Date~~

~~January 1, 2001, the date described in Section 4.2 of Appendix F, Schedule 3, when the first New Participating TO's execution of the Transmission Control Agreement took effect, which established the start of the TAC Transition Period for the calculation of the Access Charge.~~

* * * * *

- ~~[Not Used] TAC Transition Period~~

~~The 10-year transition period for the CAISO's Access Charge methodology commencing January 1, 2004 through December 31, 2010.~~

* * * * *

- Unified Planning Assumptions

The assumptions to be developed pursuant to Section 24.32.1 and used, to the maximum extent possible, in performing technical studies identified in the Study Plan as part of the annual Transmission Planning Process.

* * * * *

Appendix F Rate Schedules

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Schedule 4

Eligible Intermittent Resources Forecast Fee

A charge up to \$.10 per MWh shall be assessed on the metered Energy from Eligible Intermittent Resources as a Forecast Fee, provided that Eligible Intermittent Resources smaller than 10 MW that are not Participating Intermittent Resources and that sold power pursuant to a power purchase agreement entered into pursuant to PURPA prior to entering into a PGA or Net Scheduled PGA shall be exempt from the Forecast Fee.

The rate of the Forecast Fee shall be determined so as to recover the projected annual costs related to developing Energy forecasting systems, generating forecasts, validating forecasts, and monitoring forecast performance, that are incurred by the CAISO as a direct result of participation by Eligible Intermittent Resources in CAISO Markets, divided by the projected annual Energy production by all Eligible Intermittent Resources.

The initial Forecast Fee, and all subsequent changes as may be necessary from time to time to recover costs incurred by the CAISO for the forecasting conducted on the behalf of Eligible Intermittent Resources pursuant to the foregoing rate formula, shall be set forth in a Business Practice Manual.

~~Participating Intermittent Resources Export Fee~~

~~A Participating Intermittent Resources Export Fee shall be assessed to Exporting Participating Intermittent Resources each calendar month. The Participating Intermittent Resources Export Fee shall be calculated as the product of (1) the sum of all Settlement costs avoided by Participating Intermittent Resources for the preceding calendar month, or portion thereof, consisting of Charge Codes 6486 [Real Time Excess Cost For Instructed] and 1487 [Energy Exchange Program Neutrality], but excluding charges for Uninstructed Energy associated with Charge Code 6475, (2) by the ratio of the total MW/h generated by an Exporting Participating Intermittent Resource during the calendar month, or portion thereof (based on metered output), by the total MW/h generated by all Participating Intermittent Resources during the calendar month, or portion thereof (based on metered output), and (3) by the percentage of the Exporting Participating Intermittent Resource's capacity deemed exporting under Section 5.3 of the EIRP or PIR Export Percentage.~~

~~Participating Intermittent Resources Export Fee per Participating Intermittent Resource =
Program Costs x (MW/h individual Participating Intermittent Resource/MW/h all Participating Intermittent
Resources) x PIR Export Percentage~~

~~*****~~

APPENDIX J

~~GRANDFATHERED METERING AND SETTLEMENT PROVISIONS FOR TRADING DAYS PRIOR TO OCTOBER 1, 2011, AND GRANDFATHERED STANDARD CAPACITY PRODUCT PROVISIONS~~

~~1. Grandfathering of Metering and Settlement Provisions for Trading Days Prior to October 1, 2011.~~

~~Notwithstanding any other provisions of the CAISO Tariff the following provisions shall apply to
transactions conducted prior to October 1, 2011. In all other respects, the CAISO Tariff, including the
provisions of Sections 10, 11, and 37 not covered by this Appendix J, will apply to transactions that
occurred prior to October 1, 2011.~~

~~10.2.1.3 Provision of and Access to Settlement Quality Meter Data~~

~~Scheduling Coordinators may obtain Settlement Quality Meter Data relating to the CAISO Metered
Entities they represent by directly accessing the Settlement Quality Meter Data Systems as specified in
the applicable Business Practice Manual:~~

- ~~• For CAISO Metered Entities, Revenue Quality Meter Data obtained by successfully
polled meters will be validated, estimated and edited by the CAISO to produce
Settlement Quality Meter Data (actual), which will be made available to Scheduling
Coordinators within five (5) Business Days from the Trading Day (T+5B) and will be used
in the Initial Settlement Statement T+7B calculation.~~
- ~~• In the event that Revenue Quality Meter Data remains unavailable at noon on the fifth
Business Day after the Trading Day (T+5B) due to unsuccessfully polled meters or facility
and/or systems failures, the CAISO will estimate Settlement Quality Meter Data for
CAISO Metered Entities for any outstanding metered Demand and/or Generation for the
Initial Settlement Statement T+7B calculation as provided in Section 11.1.5.~~
- ~~• If the CAISO is notified in accordance with Section 10.2.13.2 that the revenue quality
meter for a CAISO Metered Entity requires repair, the CAISO will produce Settlement~~

~~Quality Meter Data (actual) for that entity using the estimation procedures referred to in Section 10.2.9, which will be made available to the Scheduling Coordinator for the CAISO Metered Entity within forty-three (43) calendar days from the Trading Day (T+43C) and will be used in the Recalculation Settlement Statement T+38B calculation.~~

~~10.3.6 Settlement Quality Meter Data Submission~~

~~Scheduling Coordinators shall submit to the CAISO Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data, as provided in Section 10.3.6.1(a), for Scheduling Coordinator Metered Entities they represent for each Settlement Period in an Operating Day according to the timelines established in Section 10.3.6.1 and the CAISO Payments Calendar and as provided in the applicable Business Practice Manual. Scheduling Coordinators must also submit Settlement Quality Meter Data (actual and Scheduling Coordinator estimated) on demand as provided in the applicable Business Practice Manual.~~

~~10.3.6.1 Timing of Settlement Quality Meter Data Submission for Calculation of Initial Settlement Statement T+7B.~~

~~Scheduling Coordinators must submit Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than noon on the fifth Business Day after the Trading Day (T+5B) for the Initial Settlement Statement T+7B calculation. Scheduling Coordinators cannot submit Estimated Settlement Quality Meter Data for Proxy Demand Resources.~~

~~(a) In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinators may submit Scheduling Coordinator Estimated Settlement Quality Meter Data using interval metering when available, sound estimation practices, and other available information including, but not limited to, bids, schedules, forecasts, temperature data, operating logs, recorders, and historical data. Scheduling Coordinator Estimated Settlement Quality Meter Data must be a good faith estimate that reasonably represents Demand and/or Generation quantities for each Settlement Period.~~

~~(a) When Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator~~

~~Metered Entity within five (5) Business Days from the Trading Day (T+5B), the CAISO will estimate the entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation, excluding a Proxy Demand Resource, for use in the Initial Settlement Statement T+7B calculation, as provided in Section 11.1.5.~~

~~**10.3.6.2 Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statement T+38B**~~

~~Scheduling Coordinators must submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO no later than midnight on the forty-third (43) calendar day after the Trading Day (T+43C) for the Recalculation Settlement Statement T+38B. A Scheduling Coordinator that timely submits Actual Settlement Quality Meter Data for the Initial Settlement Statement T+7B pursuant to Section 10.3.6.1 may submit revised Actual Settlement Quality Meter Data for the Recalculation Settlement Statement T+38B no later than the forty-third (43) calendar day after the Trading Day pursuant to this Section.~~

- ~~(a) When Actual Settlement Quality Meter Data is not received by the CAISO for a Scheduling Coordinator Metered Entity by forty-three (43) calendar days after the Trading Day (T+43C), the Scheduling Coordinator has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.~~
- ~~(b) Any Scheduling Coordinator Estimated Settlement Quality Meter Data submitted by a Scheduling Coordinator on behalf of the Scheduling Coordinator Metered Entities it represents that is not replaced with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to submit complete and accurate meter data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2. In the absence of Actual Settlement Quality Meter Data, Scheduling Coordinator Estimated Settlement Quality Meter Data will be used in the Recalculation Settlement Statements.~~
- ~~(c) The CAISO will not estimate a Scheduling Coordinator Metered Entity's Settlement Quality Meter Data for any outstanding metered Demand and/or Generation for use in a~~

~~Recalculation Settlement Statement calculation. Any previous CAISO Estimated Settlement Quality Meter Data that the Scheduling Coordinator does not replace with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) will be set to zero. The CAISO will follow the control process described in the BPM for Metering to monitor and identify the CAISO Estimated Settlement Quality Meter Data that was not timely replaced and will take proactive measures to obtain the Actual Settlement Quality Meter Data. A Scheduling Coordinator that fails to replace CAISO Estimated Settlement Quality Meter Data with Actual Settlement Quality Meter Data by forty-three (43) calendar days after the Trading Day (T+43C) has failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.~~

~~10.3.6.3~~ ~~Timing of Settlement Quality Meter Data Submission for Recalculation Settlement Statements after the Recalculation Settlement Statement T+38B~~

~~Scheduling Coordinators may continue to submit Actual Settlement Quality Meter Data for the Scheduling Coordinator Metered Entities they represent to the CAISO for use in Recalculation Settlement Statements subsequent to the Recalculation Settlement Statement T+38B according to timelines established in the CAISO Payments Calendar. Provided, however, that Scheduling Coordinators submitting Actual Settlement Quality Meter Data more than forty-three (43) calendar days after the Trading Day (T+43C) have failed to provide complete and accurate Settlement Quality Meter Data as required by Section 37.5.2.1 and will be subject to monetary penalty pursuant to Section 37.5.2.2.~~

~~11.29~~ ~~Billing And Payment Process~~

~~The CAISO will calculate for each charge the amounts payable by the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each Settlement Period of the Trading Day, and the amounts payable to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for each Settlement Period of that Trading Day and shall arrive at a net amount payable for each charge by or to that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for that Trading Day. Each of these amounts will appear in the Settlement Statements that the CAISO will provide to the relevant Scheduling Coordinator, CRR Holder,~~

~~Black Start Generator or Participating TO.~~

~~The components of the Grid Management Charge will be included in an Initial Settlement Statement T+7B, and any Recalculation Settlement Statement with the other types of charges referred to in Section 11.~~

~~11.29.1 Billing And Payment Process Based On Settlement Statements~~

~~The billing and payment process shall be based on the issuance of Initial Settlement Statement T+7B and the Recalculation Settlement Statements.~~

~~11.29.2 Time Frame For Payments Or Charges~~

~~Payments or charges for the items referred to in Section 11.1.2 (except for the charges payable under long term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after issuance of the Invoices and Payment Advices issued in accordance with Section 11.29.10.~~

~~Payments for FERC Annual Charges will be made in accordance with Section 11.19.~~

~~11.29.5 General Principles For Production Of Settlement Statements~~

~~11.29.5.1 Basis of Settlement~~

~~The basis of each Settlement Statement shall be the debiting or crediting of an account in the name of the relevant Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO in the general ledger set up by the CAISO to reflect all transactions, charges or payments settled by the CAISO.~~

~~11.29.5.2 Right to Dispute~~

~~All Scheduling Coordinators, CRR Holders, Black Start Generators or Participating TOs shall have the right to dispute any item or calculation set forth in any Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Incremental Changes in Recalculation Settlement Statements T+76B, T+18M, and T+35M in accordance with this CAISO Tariff, but not those set forth in Recalculation Settlement Statement T+36M.~~

~~11.29.7 Settlements Cycle~~

~~11.29.7.1 Timing of the Settlements Process~~

~~The CAISO will publish: (i) Initial Settlement Statements T+7B on the seventh Business Day from the relevant Trading Day (T+7B), (ii) Recalculation Settlement Statements on the thirty-eighth Business Day from the relevant Trading Day (T+38B), (iii) Recalculation Settlement Statements on the seventy-sixth~~

~~Business Day after the Trading Day (T+76B), (iv) Recalculation Settlement Statements on the Business Day eighteen (18) calendar months from the relevant Trading Day (T+18M) if necessary, (v) Recalculation Settlement Statements on the Business Day thirty-five (35) calendar months from the relevant Trading Day (T+35M) if necessary, (vi) Recalculation Settlement Statements on the Business Day thirty-six (36) calendar months from the relevant Trading Day (T+36M) if necessary, and (v) any other Recalculation Settlement Statement authorized under Section 11.29.7.3. The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day. The CAISO will notify affected Market Participants regarding failed or late publication of any Settlement Statements specified above and will rectify such failed or late publications pursuant to its procedure posted on the CAISO Website.~~

~~11.29.7.1.1~~ **Initial Settlement Statement T+7B**

~~The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for validation an Initial Settlement Statement T+7B for each Trading Day within seven (7) Business Days of the relevant Trading Day, covering all Settlement Periods in that Trading Day. Each Initial Settlement Statement T+7B will be produced using available Settlement Quality Meter Data (either actual or estimated) and CAISO Estimated Settlement Quality Meter Data. The Initial Settlement Statement T+7B will include the following:~~

- ~~(a) — the amount payable or receivable by the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge referred to in Section 11 for each Settlement Period in the relevant Trading Day;~~
- ~~(b) — the total amount payable or receivable by that Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO for each charge for all Settlement Periods in that Trading Day after the amounts payable and the amounts receivable under (a) have been netted off pursuant to Section 11.29; and~~
- ~~(c) — the components of each charge in each Settlement Period except for information contained in the Imbalance Energy report referred to in this Section 11.29.7.1.1; and~~
- ~~(d) — a breakdown of the components of the Imbalance Energy charge (the Imbalance Energy~~

report).

11.29.7.1.2 — Recalculation Settlement Statements

~~The CAISO shall provide to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO Recalculation Settlement Statements in accordance with the CAISO Tariff and the CAISO Payments Calendar. Recalculation Settlement Statements shall be in a format similar to that of the Initial Settlement Statement T+7B and shall include the same granularity of information provided in the Initial Settlement Statement T+7B as amended following the validation procedure.~~

11.29.7.1.3 — Recalculation Settlement Statement – Bridge Period

~~For Trading Days April 1, 2009 through October 31, 2009, the settlement timeline shall include: (i) issuance of Recalculation Settlement Statement T+18M if necessary, Recalculation Settlement Statement T+35M if necessary, and Recalculation Settlement Statement T+36M, if necessary to adjust any charge set forth in a previously published Settlement Statement for any Trading Day within this period; and (ii) any other Recalculation Settlement Statement authorized under Section 11.29.7.3.~~

~~Any Recalculation Settlement Statement issued pursuant to this Section shall be subject to the same provisions in the CAISO Tariff as are applicable to a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized under Section 11.29.7.3, including, but not limited to, Section 11.29.7.2 (Basis for Billing and Payment), Section 11.29.8 (Confirmation and Validation), and Section 11.29.9 (Payment Procedures), except that Section 11.29.10.2 (Interest) shall not apply.~~

~~The CAISO will include the publication dates and related invoice dates for the Recalculation Settlement Statements for Trading Days within the period April 1, 2009 through October 31, 2009 on the CAISO Payments Calendar prepared in accordance with Section 11.29.24.~~

~~The CAISO will issue a notice to the market if a Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any additional Recalculation Settlement Statement is required for a Trading Day within the period April 1, 2009 through October 31, 2009.~~

~~To the extent that any provision in this Section is in conflict or inconsistent with CAISO Tariff Appendix H (Grandfathered Metering and Settlement Provisions for Trading Days Prior to November 1, 2009), the~~

~~provision in this Section shall prevail.~~

~~11.29.7.2 — Basis for Billing and Payment~~

~~The Initial Settlement Statement T+7B and any Recalculation Settlement Statement shall constitute the basis for billing in accordance with this CAISO Tariff. The Initial Settlement Statement T+7B shall constitute the basis for billing for all charges in the first instance. The Recalculation Settlement Statement T+38B shall constitute the basis for billing for adjustments to charges set forth in the Initial Settlement Statement T+7B. Each Scheduling Coordinator, CRR Holder, Black Start Generator, and Participating TO shall pay any net debit and shall be entitled to receive any net credit shown in an Invoice or Payment Advice on the Payment Date, whether or not there is any dispute regarding the amount of the debit or credit.~~

~~11.29.7.2.1 — Elimination of Invoices under \$10.00~~

~~Invoices and Payment Advices due to or from any Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for amounts less than \$10.00 will be adjusted to \$0.00 and no amount will be due to or from that Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO for that Invoice or Payment Advice.~~

~~11.29.7.3 — Additional Recalculation Settlement Statements~~

~~The CAISO shall issue no Recalculation Settlement Statements other than to Recalculation Settlement Statements T+38B, Recalculation Settlement Statements T+76B, Recalculation Settlement Statements T+18M, Recalculation Settlement Statements T+35M, and Recalculation Settlement Statements T+36M, unless directed by the CAISO Governing Board or pursuant to a FERC order.~~

~~11.29.7.3.1~~ ~~— If an additional Recalculation Settlement Statement is ordered by the CAISO Governing Board, the CAISO shall arrange to have the Recalculation Settlement Statement carried out as soon as is reasonably practicable following the CAISO Governing Board's order, subject to the availability of staff and computer time, compatible software, appropriate data and other resources.~~

~~11.29.7.3.2~~ ~~— The cost of an additional Recalculation Settlement Statement shall be borne by the Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO requesting it, unless an additional Recalculation Settlement Statement was needed due to a clerical oversight or error on the part of the CAISO staff.~~

~~11.29.7.3.3~~ — Where an additional Recalculation Settlement Statement indicates that the accounts of Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs should be debited or credited to reflect alterations to Settlements previously made under this CAISO Tariff, for those Scheduling Coordinators, CRR Holders, Black Start Generators, or Participating TOs affected by the additional Recalculation Settlement Statement, the CAISO shall reflect the amounts to be debited or credited in the next scheduled semi-monthly Invoice or Payment Advice for the end of the month.

~~11.29.7.3.4~~ — Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities in accordance with Section 11.29.10.3.

~~11.29.8~~ — **Confirmation And Validation**

~~11.29.8.1~~ — **Confirmation**

~~It is the responsibility of each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO to notify the CAISO if it fails to receive a Settlement Statement on the date specified for the publication of such Settlement Statement in the CAISO Payments Calendar. Each Scheduling Coordinator, CRR Holder, Black Start Generator, or Participating TO shall be deemed to have received its Settlement Statement on the dates specified, unless it notifies the CAISO to the contrary.~~

~~11.29.8.2~~ — **Validation of Initial Settlement Statement T+7B and Recalculation Settlement Statement T+38B**

~~11.29.8.3~~ — **Validation of Additional Recalculation Settlement Statements**

~~Each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall have the opportunity to review the Incremental Changes, including the CAISO's implementation of a prior accepted dispute, that appear on or are omitted from any Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M or Recalculation Settlement Statement T+35M that it receives. The Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO shall be deemed to have validated the Incremental Changes on each Recalculation Settlement Statement unless it has raised a dispute or reported an exception regarding those Incremental Changes within time periods set forth in Sections 11.29.8.4.1 through 11.29.8.4.6 from the date of issuance. Once validated, the Incremental Changes on a Recalculation Settlement Statement T+76B, Recalculation Settlement~~

~~Statement T+18M, or Recalculation Settlement Statement T+35M shall be binding on the Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO to which it relates, except to the extent that the CAISO performs an additional Recalculation Settlement Statement pursuant to Section 11.29.7.3.~~

~~The notice of dispute shall state clearly the Trading Day, the issue date of the Recalculation Settlement Statement, the item disputed, the reasons for the dispute, and the amount claimed (if appropriate) and shall be accompanied with all available evidence reasonably required to support the claim. The only Recalculation Settlement Statement that cannot be disputed is Recalculation Settlement Statement T+36M.~~

~~11.29.8.4 Disputes or Exceptions~~

~~11.29.8.5 CAISO Timeline for Determining Settlement Statement Disputes~~

~~The timeline for the CAISO to reach a determination on a settlement statement dispute shall be as follows:~~

- ~~(a) For a settlement statement dispute based on an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, or Recalculation Settlement Statement T+18M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than twenty (20) Business Days after the end of the dispute period for that settlement statement; with the exception of complex disputes or unless otherwise agreed to by the disputing Scheduling Coordinator. In the event that the CAISO's determination results in an adjustment to payments and/or charges, the CAISO in its notice to the disputing Scheduling Coordinator shall identify the subsequent recalculation settlement statement expected to include the adjustment.~~
- ~~(b) For a settlement statement dispute based on Recalculation Settlement Statement T+35M, the CAISO shall reach a determination to approve or deny the dispute, and provide electronic notice of the outcome to the Scheduling Coordinator that submitted the dispute, no later than fourteen (14) days after the end of the dispute period for that~~

~~settlement statement. Valid disputes regarding data appearing on Recalculation Settlement Statement T+35M will be reflected on Recalculation Settlement Statement T+36M.~~

~~(c) Complex settlement statement disputes involve policy considerations, entail extensive research, require granular review of previous market runs, include complicated data or calculations, or depend on additional information to be provided by the disputing Scheduling Coordinator or a third party. The CAISO in its sole discretion may designate a settlement statement dispute to be complex dispute. The CAISO will advise the disputing Scheduling Coordinator within twenty (20) Business Days after the end of the dispute period for that settlement statement if a dispute is a complex dispute. The CAISO shall make reasonable efforts to reach a determination to approve or deny a complex dispute resulting from (i) an Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, or Recalculation Settlement Statement T+76B, no later than fifteen (15) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+18M, and (ii) a Recalculation Settlement Statement T+18M, no later than thirty three (33) months after the Trading Day so that any resultant adjustment will be included on the Recalculation Settlement Statement T+35M.~~

~~11.29.10 Billing And Payment~~

~~The CAISO shall prepare and send to each Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO two Invoices or Payment Advices for each billing period in each calendar month. There are two (2) billing periods in each calendar month. The first billing period is from the first to the fifteenth day of the month and second billing period is from the sixteenth to the last of day of the month. The CAISO will publish Invoices and Payment Advices for the first semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the fifteenth day of the month. The CAISO will publish Invoices and Payment Advices for the second semi-monthly billing period in a month on the seventh Business Day after the Trading Day that is the end of the month. Each Invoice or Payment Advice will show amounts which are to be paid by or to each Scheduling Coordinator, CRR Holder, Black~~

~~Start Generator or Participating TO, the Payment Date, being the date on which such amounts are to be paid or received, and details of the CAISO Clearing Account to which any amounts owed by or to Scheduling Coordinators, CRR Holder, Black Start Generator or Participating TO are to be paid.~~

~~Revenues owed from a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a positive amount on an Invoice. Revenues owed to a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO are expressed as a negative amount on a Payment Advice. Payments or charges for the items referred to in an Invoice or Payment Advice (except for the charges payable under long term contracts) for each Trading Day in each calendar month shall be made five (5) Business Days after the date on which the semi-monthly Invoice or Payment Advice is issued.~~

~~11.29.10.1 — Billing Periods~~

~~Each Invoice or Payment Advice will include one (1) semi-monthly billing period and up to five (5) other billing periods. The other billing periods correspond to the dates on which the Recalculation Settlement Statements are published. Any Invoice or Payment Advice for a billing period corresponding to a Recalculation Settlement Statement will be reflected on the next scheduled semi-monthly Invoice or Payment Advice for the end of the month. Each billing period will be represented separately on the Invoice or Payment Advice but the net Invoice or Payment Advice for a Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO will reflect the entity's net financial obligations in all billing periods.~~

~~11.29.10.2 — Interest~~

~~Interest will be applied to any Incremental Changes through Recalculation Settlement Statement T+36M. Interest will be calculated separately for the billing period from the first to the fifteenth day of the month and for the billing period from the sixteenth to the last of day of the month. The rate of interest will be the interest rate calculated in accordance with 18 C.F.R. 35.19a of FERC's regulations.~~

~~11.29.10.3 — Other Invoicing Provisions~~

~~The Invoices or Payment Advices will also include the total charges for each component of the Grid Management Charge, the total charges associated with any Interest for each relevant Trading Month, the FERC Annual Charges due monthly, as well as any disbursements associated with a shortfall receipt distribution.~~

~~A separate Invoice for the FERC Annual Charges due annually will be issued by the CAISO to the Scheduling Coordinator in accordance with Section 11.19.1.2. The CAISO will issue separate Invoices for NERC/WECC Charges as described in Section 11.20.~~

~~A separate Invoice for a shortfall allocation will be issued by the CAISO to Scheduling Coordinators in the event of a payment default in accordance with Section 11.29.17.1.~~

~~In the event of an allocation of a payment default in accordance with Section 11.29.17.2, the CAISO may either issue separate Invoices to Default Invoiced SCIDs pursuant to Section 11.29.17.2.1 or to SCIDs pursuant to Section 11.29.17.2.2, as applicable, or may issue Invoices through its standard invoicing process that include the allocation of the payment default.~~

~~Recalculation Settlement Statements, post closing adjustments and the financial outcomes of CAISO ADR Procedures and any other dispute resolution may be invoiced separately from monthly market activities. The CAISO shall provide a Market Notice at least five (5) Business Days prior to such invoicing identifying the components of such Invoice or Payment Advice.~~

11.29.10.4 — Emergency Procedures

11.29.10.5 — Use of Estimated Data

~~In the event of an emergency or a failure of any of the CAISO software or business systems, the CAISO may use estimated Settlement Statements and Invoices and Payment Advices and may implement any temporary variation of the timing requirements relating to the Settlement and billing process contained in the CAISO Tariff. Details of the variation and the method chosen to produce estimated data, Settlement Statements and Invoices and Payment Advices will be published on the CAISO Website.~~

11.29.21.2 — Evidence of Unpaid Amount

~~The CAISO shall, on request, certify in writing the amounts owed by a CAISO Debtor that remain unpaid and the CAISO Creditors to whom such amounts are owed and shall provide certified copies of the relevant Initial Settlement Statement T+7B and the Recalculation Settlement Statements, Invoices, Payment Advices, and other documentation on which the CAISO's certificate was based to the CAISO Debtor and the relevant CAISO Creditors. A CAISO certificate given under this Section 11.29.21.2 may be used as prima facie evidence of the amount due by a CAISO Debtor to CAISO Creditors in any legal proceedings.~~

~~11.29.23~~ — ~~Communications~~

~~The Initial Settlement Statement T+7B, any Recalculation Settlement Statement, and Invoices, and Payment Advices will be considered issued to CAISO Creditors or CAISO Debtors when released by the CAISO's secure communication system. Communications on a Payment Date relating to payment shall be made by the fastest practical means including by telephone. If there is a failure of a communication system and it is not possible to communicate by electronic means, then the CAISO or CAISO Creditor or CAISO Debtor, as the case may be, shall communicate by facsimile but only if the recipient is first advised by telephone to expect the facsimile. Methods of communication between the CAISO and Market Participants may be varied by the CAISO giving not less than ten (10) days notice to Market Participants on the CAISO's secure communication system.~~

~~11.29.24.1~~ — ~~Preparation~~

~~In September of each year, the CAISO will prepare a draft CAISO Payments Calendar for the following calendar year showing for each Trading Day:~~

- ~~(a) — The date by which Scheduling Coordinators are required to provide Actual Settlement Quality Meter Data or Scheduling Coordinator Estimated Settlement Quality Meter Data for all their Scheduling Coordinator Metered Entities for each Settlement Period in the Trading Day;~~
- ~~(b) — The date on which the CAISO will issue Initial Settlement Statements T+7B and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;~~
- ~~(c) — The date by which Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs are required to notify the CAISO of any disputes in relation to their Initial Settlement Statements T+7B pursuant to Section 11.29.8.2;~~
- ~~(d) — The date on which the CAISO will issue the Recalculation Settlement Statements T+38B, T+76B, T+18M, T+35M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;~~
- ~~(e) — The dates by which Scheduling Coordinators, CRR Holders, Black Start Generators and~~

~~Participating TOs are required to notify the CAISO of any disputes in relation to their Recalculation Settlement Statements T+38B, T+76B, T+18M and T+35M.~~

- ~~(f) The date and time by which CAISO Debtors are required to have made payments into the CAISO Clearing Account in payment of Invoices for that Trading Day;~~
- ~~(g) The dates and times on which CAISO Creditors will receive payments from the CAISO Clearing Account of amounts owing to them for that Trading Day; and~~
- ~~(h) In relation to Reliability Must-Run Charges and RMR Payments, the details set out in paragraph 3 of Appendix N, Part J.~~

~~The CAISO will make a draft of the CAISO Payments Calendar available on the CAISO Website to Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners any of which may submit comments and objections to the CAISO within two weeks of the date of posting of the draft on the CAISO Website. No later than October 31st in each year, the CAISO will publish the final CAISO Payments Calendar for the following calendar year, after considering the comments and objections received from Scheduling Coordinators, CRR Holders, Black Start Generators, Participating TOs and RMR Owners. The final CAISO Payments Calendar will be posted on the CAISO Website, and will show for the period from 1 January to 31 December in the next succeeding year (both dates inclusive), the dates on which Settlement Statements shall be published by the CAISO and the Payment Dates on which the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.~~

~~37.5.2 Inaccurate Meter Data~~

~~37.5.2.1 Expected Conduct~~

~~Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trading Hour and shall correct any errors in such data no later than forty-three (43) calendar days after the Trading Day (T+43C). The failure to provide complete and accurate Settlement Quality Meter Data, as required by Section 10.3.6 that causes an error to exist in such Settlement Quality Meter Data after forty-three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule. Scheduling Coordinators that fail to submit Scheduling Coordinator Estimated Settlement Quality Meter Data that is complete and based on a good faith estimate that reasonably represents Demand and/or Generation~~

quantities for each Settlement Period as required by Section 10 and that results in an error that is discovered after forty three (43) calendar days after the Trading Day (T+43C) shall be a violation of this rule.

~~37.5.2.2 Sanctions~~

~~Violations under this Section 37.5.2 shall be subject to Sanction described in Section 37.11.~~

~~37.5.2.3 Disposition of Sanction Proceeds~~

~~For purposes of redistributing collected market adjustments, any amounts collected under this provision shall be applied first to those parties affected by the conduct. Any excess amounts shall be disposed of as set forth in Section 37.9.4.~~

~~37.11 Method For Calculating Penalties~~

~~37.11.1 Method For Calculating Inaccurate Meter Data Penalty~~

~~There is no Sanction for the submission of inaccurate Meter Data used for an Initial Settlement Statement T+ 7B. However, an error in submitted Meter Data that exists after forty three (43) calendar days after the Trading Day (T+43C) constitutes a Rule of Conduct violation. The level of the Sanction depends on whether the Scheduling Coordinator or the CAISO discovered the error. An increased penalty will apply for errors that are discovered by the CAISO.~~

~~Table A1 below shows how the level of the Sanction depends on the following factors: whether or not the Scheduling Coordinator finds the error; whether or not the Scheduling Coordinator owes the market, and whether or not the CAISO performs a re-run of the market or produces a Recalculation Settlement Statement. If the CAISO issues a Recalculation Settlement Statement or performs a re-run, then Settlement to all Scheduling Coordinators is recalculated, and the impact of such re-runs on charges assessed will be considered. A penalty charge equal to thirty (30) percent of the estimated value of the Energy error will apply if the Scheduling Coordinator discovers the error or seventy-five (75) percent of the estimated value of the Energy error if the CAISO discovers the error. Penalty assessment and disposition of penalty proceeds will be administered as described in Section 37.9.1 and Section 37.9.4 respectively. A Sanction will not be imposed unless such Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.~~

~~**Table A1** — Calculation of Inaccurate Meter Data Penalty When There Is A Recalculation Settlement~~

~~Statement or re-run Case Does SC Owe Market?~~

~~Case 1: SC Identifies Inaccurate Meter Data Yes Penalty = (MWh x applicable price) x 0.30~~

~~Case 1: SC Identifies Inaccurate Meter Data No Penalty = (MWh x applicable price) x 0.30~~

~~Case 2: CAISO Identifies Inaccurate Meter Data Yes Penalty = (MWh x applicable price) x 0.75~~

~~Case 2: CAISO Identifies Inaccurate Meter Data No Penalty = (MWh x applicable price) x 0.75~~

Note to Table A1:

The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the values posted on OASIS for each Trading Hour of the applicable Trading Day period.

~~2. Method for Calculating Inaccurate Meter Data Penalty When there is not a Recalculation Settlement Statement or re-run.~~

~~If the CAISO does not perform a Recalculation Settlement Statement or re-run, for cases of inaccurate Meter Data, Table A2 will be used to determine and allocate penalty and any market adjustment amount. The market adjustment approximates the financial impact on the market; however, it does not completely reflect all the Settlement consequences of inaccurately submitted Meter Data. The approximated value of the inaccurate Meter Data in question will be calculated and returned to the market based on the average of the pro rata share of Unaccounted for Energy (UFE) charged in the utility Service Area during the period of the inaccurate Meter Data event. The thirty (30) percent or seventy-five (75) percent penalty will be distributed as discussed in Section 37.9.4. For cases where the CAISO does not perform a Recalculation Settlement Statement or re-run and the Scheduling Coordinator does not owe the market, then no market adjustment will be performed and no penalty will be assessed.~~

~~TABLE A2—Calculation Of Inaccurate Meter Data Penalty When There Is Not a Recalculation Settlement~~

~~Statement or re-run Case Does SC Owe Market? CAISO does not perform a Recalculation~~

~~Settlement Statement or re-run~~

~~Case 1: SC Identifies Inaccurate Meter Data Yes Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price) x 0.30~~

~~Case 1: SC Identifies Inaccurate Meter Data No No market adjustment will be made~~

~~Case 2: CAISO Identifies Inaccurate Meter Data Yes Market Adjustment = (MWh x applicable price) Penalty = (MWh x applicable price) x 0.75~~

~~Case 2: CAISO Identifies Inaccurate Meter Data No No market adjustment will be made~~

Notes to Table A2:

~~The applicable price will be the greater of: (1) the simple average of the relevant twelve (12) five-minute LMPs for each hour in which inaccurate Meter Data occurred; or (2) \$10/MWh. The LMP used will be the value posted on OASIS for each Trading Hour of the applicable Trading Day.~~

~~A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate Meter Data.~~

~~If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported Generation or over-reported Demand), and the CAISO does not produce a Recalculation Settlement Statement or perform a re-run, then no market adjustment will be made and no penalty will be assessed. If the CAISO produces a Recalculation Settlement Statement or performs a re-run after the error is corrected, then the Scheduling Coordinator will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to a Recalculation Settlement Statement or re-run, then a Sanction will be assessed to assure that Recalculation Settlement Statements or re-runs do not diminish the incentive to correct such errors. This Sanction would be thirty (30) percent of the Energy value of the error if the Scheduling Coordinator discovers the error or seventy-five (75) percent estimated value of the error if the CAISO discovers the error.~~

~~If the error is to the detriment of the market, then a charge equal to thirty (30) percent or seventy-five (75) percent of the estimated value of the error, as appropriate, will be added to the charge for the Energy. If there is no Recalculation Settlement Statement or re-run, then the cost of Energy supplied by the CAISO (and inappropriately charged to the market as Unaccounted for Energy) must be recovered as well, and the charge will be equal to one hundred thirty (130) percent or one hundred seventy-five (175) percent of the estimated value of the error, as appropriate.~~

~~2. — Grandfathering of Standard Capacity Product Provisions~~

~~Notwithstanding any other provisions of the CAISO Tariff, the following provisions shall apply pursuant to Section 40.9.2.1(a)(1).~~

~~40.9.2 Exemptions~~

~~The following exemptions apply to the CAISO's Availability Standards program of this Section 40.9:~~

- ~~(1) Capacity under a resource specific power supply contract that existed prior to June 28, 2009 and Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval~~

prior to June 28, 2009, and is associated with specific Generating Units or System Resources, will not be subject to Non-Availability Charges or Availability Incentive Payments. Such contracted Resource Adequacy Capacity, except for non-Resource-Specific System Resources, will be included in the development of Availability Standards and will be subject to any Outage reporting requirements necessary for this purpose. The exemption will apply only for the initial term of the contract and to the MW capacity quantity and Resource Adequacy Resources specified in the contract prior to June 28, 2009. The exemption shall terminate upon the conclusion of the initial contract term. Exempt contracts may be re-assigned or undergo novation on or after June 28, 2009, but the exemption shall not apply for any extended contract term, increased capacity quantity or additional resource(s) beyond those specified in the contract prior to June 28, 2009, except as provided in Section 40.9.2(7) or 40.9.2(8). Scheduling Coordinators for Resource Adequacy Resources subject to these contracts will be required to certify the start date of the contract, the expiration date, the Resource ID(s), and the amount of Resource Adequacy Capacity associated with each Resource ID included in the contract. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output, the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (2) will not be subject to Non-Availability Charges or Availability Incentive Payments, except that the deadline date for either type of contract shall be August 22, 2010 instead of June 28, 2009.

- (2) For a contract entered into prior to June 28, 2009 that provides for the amount of Resource Adequacy Capacity to increase during the original term of the contract, based on a ratio of the Resource Adequacy Resource's output or due to an addition of capacity, the exemption provided in subsection (2) of this Section 40.9.2 will apply to the additional capacity allowed under the contract; provided that the capacity increase (i) is expressly contained in the provisions of the contract, (ii) occurs during the primary term of the

contract; and (iii) does not result from contract extensions or other amendments to the original terms and conditions of the contract, except as provided in Section 40.9.2(7) or 40.9.2(8). Scheduling Coordinators for Resource Adequacy Resources subject to contracts that provide for such capacity increases or additions must include in their certification, in addition to the requirements of subsection (2) of this Section 40.9.2, (i) the citation to any contract provisions that might entitle them to increased exempt Resource Adequacy Capacity from the contracted resources during the primary term of the contract; (ii) the amount of additional capacity to which they might be entitled; and (iii) the actual effective date of the capacity increase. If the actual amount of capacity and/or the actual effective date of the capacity increase is not known at the time of the initial certification, the Scheduling Coordinator shall provide a supplemental certification(s) when this information becomes known. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output the exemption provided in subsection (2) of this Section 40.9.2 will apply to an increase in the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (3), except that the deadline date for either type of contract to be exempt shall be August 22, 2010 instead of June 28, 2009.

~~3. Definitions~~

~~As used in this Appendix J, the capitalized terms defined below shall have the definitions specified in this Section 2. All other capitalized terms shall have the meaning specified in the Master Definition Supplement in Attachment A.~~

~~-Incremental Change~~

~~The change in dollar value of a specific Charge Code from the Initial Settlement Statement T+7B to a subsequent Recalculation Settlement Statement including any new Charge Codes or Trading Day charges appearing for the first time on a Settlement Statement.~~

~~-Recalculation Settlement Statement~~

~~The recalculation of a Settlement Statement in accordance with the provisions of the CAISO Tariff, which includes the Recalculation Settlement Statement T+38B, the Recalculation Settlement Statement T+76B, the Recalculation Settlement Statement T+18M, the Recalculation Settlement Statement T+35M, the Recalculation Settlement Statement T+36M or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.~~

~~**-Recalculation Settlement Statement T+76B**~~

~~The reissue of an Initial Settlement Statement T+7B or a Recalculation Settlement Statement T+38B by the CAISO on the seventy-sixth (76th) Business Day from the relevant Trading Day (T+76B).~~

~~**-Settlement Statement**~~

~~Any one of the following: Initial Settlement Statement T+7B, Recalculation Settlement Statement T+38B, Recalculation Settlement Statement T+76B, Recalculation Settlement Statement T+18M, Recalculation Settlement Statement T+35M, Recalculation Settlement Statement T+36M, or any other Recalculation Settlement Statement authorized by the CAISO Governing Board.~~

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Appendix N

Pseudo-Tie Protocols

1. Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area

1.1 Consistency with NERC/WECC Requirements

- 1.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, ~~and WECC, and~~ North American Energy Standards Board (NAESB) reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a "Point Of Delivery" (POD) with the NAESB Electric Industry Registry (EIR) ~~on NERC's Transmission Service Information Network (TSIN)~~. All (off-system) static scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.

* * * * *

2. Pseudo-Ties of Generating Units out of the CAISO Balancing Authority Area

2.1 Consistency with NERC/WECC Requirements

- 2.1.1 Operation of Pseudo-Tie functionalities must comply with all applicable NERC, ~~and WECC,~~ and NAESB reliability standards, policies, requirements, and guidelines regarding inter-Balancing Authority Area scheduling. A Pseudo-Tie must be registered as a “Point Of Delivery” (POD) with the NAESB Electric Industry Registry EIR on NERC’s Transmission Service Information Network (TSIN). All interchange scheduling associated with Pseudo-Tie functionality must be consistent with NERC Reliability Standards for interchange scheduling and coordination.

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Appendix Q

Eligible Intermittent Resources Protocol (EIRP)

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3.1.3 Designated Turbines

For any wind eligible Intermittent Resource, designated turbines are required to improve forecast accuracy within a wind park. The CAISO shall identify a designated turbine, from which the Eligible Intermittent Resource shall provide nacelle wind speed and wind direction every four seconds. Wind EIRs with a PGA or NS PGA that are operating or have final regulatory approvals to construct as of ~~[[the effective date of this change]]~~ November 1, 2018, that have wind turbines without nacelle anemometers need not comply with the requirements of this section for Designated Turbines. However, when the wind EIR repowers or replaces a portion of its existing wind turbines, then the Wind EIR must become compliant with the requirements of this section for Designated Turbines.

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Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

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Section 1 Objectives And Applicability

1.1 Objectives And Applicability

The objective of this Generation Interconnection and Deliverability Allocation Procedures (GIDAP) is to implement the requirements for both Small and Large Generating Facility interconnections to the CAISO Controlled Grid and to provide a process for allocating Transmission Plan Deliverability for Interconnection Requests starting with Queue Cluster 5 and for subsequent

Queue Clusters. This GIDAP applies to Interconnection Requests that are either assigned to Queue Cluster 5 and subsequent Queue Clusters, or submitted for the Independent Study Process, or Fast Track Process after ~~effective date of tariff amendment~~ July 25, 2012. The two exceptions to this rule of limited applicability are (i) the annual reassessment process set forth in Section 7.4, which shall apply to all CAISO Interconnection Customers in Queue Clusters, and (ii) the annual Generator Downsizing Process set forth in Section 7.5 which shall apply to all eligible Interconnection Customers, regardless of which interconnection procedures under the CAISO Tariff they are subject to.

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