



May 30, 2008

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

**Re: California Independent System Operator Corporation,  
Docket Nos. ER08-\_\_\_\_-000  
Amendment to Tariff (Both Current and MRTU) Modifying the  
Requirements for Reporting Availability and Outage Information  
Concerning Generating Units**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act<sup>1</sup> and Section 35.15 of the regulations of the Federal Energy Regulatory Commission,<sup>2</sup> the California Independent System Operator Corporation or "CAISO" respectfully submits for filing an original and five copies of proposed amendments to its FERC electric tariffs – both the currently effective tariff and the "MRTU Tariff," which will become effective upon implementation of the CAISO's Market Redesign and Technology Upgrade ("MRTU").

As described below, this amendment modifies the requirements for reporting outage and availability information for Generating Units by relaxing those requirements to decrease the administrative burden on the units' operators without compromising grid reliability. Specifically, the CAISO proposes to:

- Extend the time to report changes in availability from 30 to 60 minutes;
- Expand the reprieve from financial penalties, which currently applies to the first late availability report every 12 months, to one late report per calendar month, with a warning letter for the second reporting failure in a month; and
- Make similar changes to the related requirement that generators submit detailed reports on the circumstances of more significant outages, in order to encourage operators to submit outage reports even if they are late.

The CAISO requests that these changes become effective June 1, 2008, and that the Commission waive the 60-day notice requirement, as explained in § II below.

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<sup>1</sup> 16 U.S.C § 824d.

<sup>2</sup> 18 C.F.R. § 35.15.

## I. PROPOSED CHANGES TO TARIFF

### A. General Background and Terminology

This is not the first CAISO tariff amendment focused on outage reporting for Generating Units. The CAISO tackled these requirements less than two years ago after they had become problematic. One source of the problem was a change in the definition of "Outage" that had been made in conjunction with Phase 1B of the CAISO's MRTU initiative. "Outage," which had previously been defined in terms of a "[d]isconnection or separation" from the grid, was revised to include "reduction in capacity."<sup>3</sup> This change increased the reporting burden substantially, because small variations in output capability can occur throughout the day. It was especially challenging, though, because responsibility for administering the "Enforcement Protocol" had recently transferred from FERC staff to the CAISO's Department of Market Monitoring.<sup>4</sup> In contrast to FERC staff, DMM was required to strictly enforce the rules, which included Sanctions for market participants that failed to report "any Outage" within 30 minutes.

On July 12, 2006, the CAISO asked the Commission to waive penalties temporarily in order to allow the CAISO to conduct a stakeholder process and ultimately amend the tariff.<sup>5</sup> The stakeholder process was conducted promptly and, on October 31, 2006, the CAISO filed an amendment that defined the required reports more precisely.

As a result of that amendment and one other change,<sup>6</sup> the CAISO Tariff currently requires market participants to submit two types of reports, which will be referenced repeatedly in this filing:

**Availability Reporting** is a quick report of material changes in maximum output capability, without additional detail. The tariff currently requires reports within 30 minutes of discovering any change in availability of at least 10 MW and 5% of the maximum output capability of the unit, provided the change lasts 15 minutes or longer. This requirement is found in CAISO Tariff § 9.3.10.2.1.

**Forced Outage Reporting** is a more detailed report about the causes of an outage and corrective measure taken. The tariff currently requires Forced Outage Reports for any change in availability greater than 40 MW and 10% below maximum output capability,

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<sup>3</sup> See, e.g., Outage Reporting Amendment to the CAISO Tariff, filed October 31, 2006 in Docket No. ER07-127 ("October 31 Transmittal Letter"), at 3.

<sup>4</sup> October 31 Transmittal Letter at 3.

<sup>5</sup> October 31 Transmittal Letter at 4.

<sup>6</sup> See § I(C)(4), below.

provided it lasts for 15 minutes or longer. This requirement is found in § 9.2.10.5 of the currently effective tariff (the first sentence).

The October 31, 2006 tariff amendment also revised the definition of a “violation” employed in Section 37.4.1.2 of the “Enforcement Protocol” to mean “each failure to report an Outage *for a specific Generating Unit* as required by Section 9.3.10.2.1 . . . .” In retrospect and read in context this change now appears to the CAISO to be ambiguous, and thus is clarified in this amendment. The intended purpose was that a late report for a specific unit should be a “first” violation for purposes of determining the Sanction, with higher sanctions imposed only if that particular unit was the subject of further late reports. This would mean that owners of multiple Generating Units would receive equitable treatment relative to their smaller counterparts.

### **B. The Process to Identify Tariff Changes**

During the stakeholder process that led to the October 31, 2006 amendment, the CAISO pledged that it would revisit the requirements after the CAISO and market participants gained experience operating under them. Earlier this year, after receiving requests to revise the requirements, the CAISO decided to begin a stakeholder process to consider potential changes. The data available to the CAISO indicated that compliance with the outage reporting requirements had increased significantly since the CAISO began enforcing penalties in July 2007, and was consistent with the impressions of CAISO outage reporting staff.

The stakeholder process to review potential tariff revisions began with stakeholders expressing concern both about their ability to meet current reporting timelines in every instance, and about the associated penalties. From the stakeholders’ standpoint, even a few financial penalties were too many. The general sense was that it was more difficult to consistently meet the deadlines for the smaller generating units, because the staff of these units typically juggle many responsibilities, including other small units. Accordingly, one of the potential tariff changes that stakeholders preferred was to increase the megawatt threshold for an Availability Report. Stakeholders proposed to increase that threshold from the current level of a 10 MW change (and 5% of the maximum output capability of the unit) to 20 MW or even higher.

The CAISO, however, was concerned that increasing the reporting threshold would significantly increase its uncertainty about unknown outages, because a large number of small units could be unavailable without its knowledge, as well 10-20 MW derates of larger units . This would adversely impact either reliability or costs, by causing the CAISO to procure additional Operating Reserves. This concern led the CAISO to explore other potential revisions, including

- lengthening the time to submit Availability Reports;
- relaxing the rules that permit the submission of occasional late reports without penalty;

- designating as “troublesome” certain generating resources that are more prone to late reports, and relaxing the requirements or Sanctions for those units only; and
- at the suggestion of one stakeholder, removing the two week limitation on outage cards, thereby eliminating the need to periodically renew reports about long-term outages.

These proposals were analyzed and refined through a stakeholder process that included publication of issue papers, conference calls to discuss these issues, and written comments from stakeholders that were posted on the CAISO website. Participation was good. Thirty-seven stakeholders participated on the initial conference call on March 5, 2008, including generators, the CPUC, load-serving entities, municipal utilities, investor-owned utilities, and consultants. Twenty-one stakeholders representing the same sectors of the industry participated in a follow-up call on April 7, 2008. Eight parties submitted written comments on the proposals, with some parties commenting jointly.

Ultimately, the CAISO declined to adjust the reporting threshold for the reasons explained above, or to remove the two-week limitation on outage cards. The CAISO concluded that requiring market participants to update information about long-term outages had an information value that outweighed the comparatively minor burden on stakeholders. In addition, the CAISO abandoned efforts to designate certain generating resources as “troublesome,” due to the inability to formulate a workable methodology and concerns about the potential for disparate treatment.

The CAISO did agree with stakeholders to recommend three changes:

- Lengthening the time to submit Availability Reports from 30 to 60 minutes;
- Allowing one late report per calendar month with no penalty and a second with a warning letter; and
- Changing the trigger for submitting Forced Outage Reports from discovery of the outage to submission of the Availability Report, in order to encourage submission of Availability Reports even if they are late.

These changes are explained in greater detail below.

### **C. Description of Proposed Amendment**

#### **1. Availability Reporting Timeline**

The CAISO proposes to extend the deadline for submitting Availability Reports from 30 minutes after discovering the change in availability to 60 minutes. This change is made to Section 9.3.10.2.1 in both tariffs.

Market participants claimed that it was challenging to consistently report changes of availability within 30 minutes of discovery, because operations personnel have several tasks to complete following unexpected equipment failures, including assessment of the cause and

source of the failure, and containing any dynamic aspects of the situation. They argued that these responsibilities can take longer than 30 minutes, and should have priority over reporting the availability change to the CAISO, but that a continuation of the current tariff rules might require them to reverse those priorities.

The CAISO recognizes that the 30 minute deadline was established with the inception of its Enforcement Protocol, and that with the benefit of experience adjustments are now appropriate. The CAISO wants to reduce the burden on market participants of any Sanctions that would be unnecessary, and believes that extending the reporting requirement from 30 minutes to 60 will not threaten grid reliability. It will not have an appreciable impact on the accuracy of the CAISO's information about total generation available, because it will delay rather than eliminate information, and then only briefly. And the delay will apply only to a few units, because only a small number of units are reporting availability changes at any one time. The CAISO expects, moreover, that most Availability Reports will continue to be submitted within 30 minutes, and thus will not be delayed at all. This expectation is based on assurances from market participants that they will continue to report availability changes as soon as possible. The primary effect of this change should be to allow market participants to more effectively balance competing workload demands and still avoid Sanctions.

## 2. Allowances for Infrequent Late Reports

In recognition that late reports will occur from time to time through no fault of the Market Participant, the Tariff provides one reprieve from sanctions – a warning letter – per rolling 12-month period, per unit. The CAISO proposes to extend this reprieve by allowing one late report in each month, which would not be classified as a “violation,” and apply the warning letter to second late report in the same month. The third and any subsequent late reports for any unit in a calendar month would likewise be classified as violations, and would incur sanctions according to the current tariff – *i.e.*, depending on the number of violations in the previous 12 months, \$1,000, \$2,000, or \$5,000. This change is reflected in Section 37.4.1.2 of both tariffs. This section is also revised to clarify that the level of Sanctions depends on the number of violations tied to a specific Generating Unit, as discussed at the end of § I(A) above.

The CAISO does not expect that this relaxation of Sanctions will significantly reduce the incentive for market participants to submit timely reports. It has been the CAISO's experience that market participants are quite concerned about the reputational effect of any Sanctions and the mere possibility of financial penalties. Accordingly, the CAISO believes that efforts to comply with the reporting timelines, though they will not be increased as a result of this change, will not be reduced either. Moreover, occasional late reports are not problematic from the standpoint of grid reliability. Imposing Sanctions for every late report, however, imposes an unnecessary burden on market participants and the Department of Market Monitoring, which must investigate and administer Sanctions for every late report. Accordingly, the CAISO expects that this change will benefit market participants and the CAISO without threatening grid reliability.

3. Changing the Trigger for Forced Outage Reports

The CAISO proposes to change the trigger for submitting a Forced Outage Report from “discovery” of the change in unit availability to submission of the Availability Report to the CAISO. The deadline will remain unchanged – two days. This is an amnesty provision, designed to encourage market participants to submit Availability Reports even after the 60-minute deadline has passed.

A market participant that misses the deadline for an Availability Report generally can submit a late report without financial penalty, due the monthly allowance described in Section above. The late Availability Report will cause the CAISO’s outage reporting software to request a follow-up Outage Report (assuming the outage is large enough), which will be due to days after discovery of the outage. But if the Availability Report itself was two days late, the market participant would receive a financial penalty for failing to meet the related deadline on the Forced Outage Report, effectively undermining the revision described in § I(C)(2) above. Even if the Availability Report was only one day late, that leaves a compressed time frame for the Outage Report. This proposed revision eliminates any incentive that otherwise might discourage the late submission of the Availability Report.<sup>7</sup>

4. Conforming the Currently Effective Tariff to the Policy of Eliminating Forced Outage Reports from Small Generating Units

In addition, the CAISO proposes to revise the currently effective tariff to conform to a change that the CAISO has already filed as an amendment to the MRTU tariff, and sought in the form of a waiver for the currently effective tariff. On December 21, 2007, the CAISO filed to eliminate from the MRTU Tariff the requirement that small units (less than 40 MW maximum output capability) submit Forced Outage Reports.<sup>8</sup> Specifically, this change strikes from Section 9.3.10.5 the words “or which result in the unit being separated from the ISO Controlled Grid,” so that Forced Outage Reports are required only when maximum output capability is reduced by at least 40 MW – technically 40 MW *and* 10% of the maximum output. This means that the requirement cannot be triggered for units with a maximum output capability less than 40 MW.

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<sup>7</sup> Although this change technically means that a Forced Outage Report is not required if a market participant simply fails to submit any Availability Report, the change will not reduce the incentive to submit Forced Outage Reports. CAISO software tracks the need for the Outage Report based on the submission of the Availability Report, so the CAISO ordinarily will not discover a missed Forced Outage Report unless an associated Availability Report was submitted. The only effect of this change should be to eliminate any disincentive to provide the late Availability Report which, in turn, should if anything increase the incentive to submit Forced Outage Reports.

<sup>8</sup> See California Independent System Operator Corporation Filing of Fourth Replacement Version of FERC Electric Tariff, filed December 21, 2007 in Docket Nos. ER06-615 and ER 08-367-000. The elimination of Outage Reporting Requirements for small Generating Units is discussed at page 22 of the transmittal letter.

This amendment to the MRTU Tariff was included as part of a comprehensive replacement and revision of the entire MRTU Tariff, which the CAISO did not wish to complicate further by including a corresponding amendment to the currently effective tariff. Instead, the CAISO addressed the currently effective tariff by asking the Commission to extend its waiver of this requirement until MRTU goes into effect.<sup>9</sup> This request made sense at the time, when MRTU was expected to go live only a few months later on April 1, because it seemed unnecessarily wasteful to go through the process of amending the current tariff for that change alone. But now, with this filing, there is an appropriate vehicle to include the change in the currently effective tariff. The CAISO is therefore including this conforming change, which was also approved by the CAISO Board of Governors along with the remainder of this amendment.

## **II. EFFECTIVE DATE AND REQUEST FOR WAIVER OF 60-DAY NOTICE AND OTHER REGULATIONS**

The CAISO respectfully requests, pursuant to Section 35.1 1 of the Commission's regulations, 18 C.F.R. § 35.1 1, that the Commission accept this amendment for filing effective as of June 1, 2008. The CAISO believes that it is necessary and that good cause exists to waive the 60-day notice requirement in order to have the amendment in place before the peak summer season. Allowing this amendment to go into effect as of June 1, 2008 will enhance reliability because it will ensure that generator operators that are confronted with unexpected equipment failures this summer can focus first on containing and repairing the failures, before reporting the outages to the CAISO. Several market participants support immediate effectiveness, and the CAISO is not aware of any that oppose it.

The CAISO requests that the Commission approve all of the changes in the Amendment to the MRTU Tariff to be effective upon implementation of MRTU. As discussed in the monthly status reports the CAISO has submitted in Docket No. ER06-615, the CAISO will not be able to announce a new proposed implementation date for MRTU until the CAISO is confident that the MRTU software is operating successfully. At this time, the CAISO is on track for a fall 2008 implementation date for MRTU with a target of October 1, 2008. The CAISO anticipates that this date will be confirmed by the CAISO Governing Board at its July 8-9, 2008 meeting. Accordingly, the CAISO is filing clean MRTU Tariff sheets without indicating a proposed effective date and therefore requests waiver of Order No. 614<sup>10</sup> and applicable provisions of Section 35.9 of the Commission's regulations.<sup>11</sup>

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<sup>9</sup> See Answer of the California Independent System Operator's Answer to Southern California Edison and Petition to Extend the Temporary Waiver of Forced Outage Reporting for Small Generating Units, filed December 17, 2007 in Docket No. ER07-127. This request remains pending, and is not mooted by the instant amendment. Rather, approval of this amendment will merely close the time period for which a waiver is sought on June 1, 2008, assuming the Commission approves that effective date.

<sup>10</sup> *Designation of Electric Rate Schedule Sheets*, FERC Stats. & Regs. ¶ 31,096 (2000).

<sup>11</sup> 18 C.F.R. § 35.9.

The CAISO understands that in the absence of a proposed effective date the Commission is not compelled to take any action within the 60-day timeframe prescribed by the Federal Power Act. Although the Commission is not compelled to take action within any prescribed timeframe, the CAISO requests that the Commission issue an order regarding the changes to the MRTU Tariff contained in this Amendment within 60 days or as soon thereafter as possible. A timely order will allow a more orderly transition to MRTU for the CAISO and its market participants. Moreover, in light of the fact that the proposed tariff amendments contained herein are to be included in both the current ISO Tariff and the MRTU Tariff, the Commission will be able to address the MRTU Tariff-related amendments at the same time it addresses the amendments proposed for the current ISO Tariff.

Because the exact date of MRTU implementation is unknown at this time, the CAISO, pursuant to Section 35.11 of the Commission's regulations,<sup>12</sup> also requests waiver, if necessary, of Section 35.3 of the Commission's regulations,<sup>13</sup> in order to permit the clean MRTU Tariff sheets contained in this Amendment to become effective more than 120 days after the date this Amendment was filed. Making the filing at this time hopefully will permit the CAISO, Market participants, state authorities, and the Commission to resolve the issues discussed herein prior to the implementation of MRTU and provide greater certainty to the CAISO Markets. Granting a waiver in this instance would be consistent with the similar waivers of Section 35.3 that the Commission has granted for other MRTU Tariff filings.

### **III. CONTENTS OF FILING**

In addition to this transmittal letter, this filing contains four attachments:

- Attachment A – Currently Effective Tariff Clean Sheets
- Attachment B – Currently Effective Tariff Blacklines
- Attachment C – 4<sup>th</sup> Replacement CAISO Tariff (MRTU) Clean Sheets
- Attachment D – 4<sup>th</sup> Replacement CAISO Tariff (MRTU) Blacklines

### **IV. COMMUNICATIONS**

Correspondence and other communications regarding this filing should be directed to:

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<sup>12</sup> 18 C.F.R. § 35.11.

<sup>13</sup> 18 C.F.R. § 35.3.

**The Honorable Kimberly D. Bose**

**May 30, 2008**

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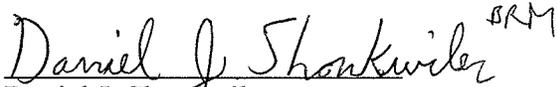
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## **V. SERVICE**

The CAISO has served copies of this filing on the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with Scheduling Coordinator Agreements under the CAISO Tariff. In addition, the CAISO has posted a copy of the filing on the CAISO Website and will provide courtesy copies of this filing to all parties in the MRTU proceeding, FERC Docket Nos. ER06-615 and ER07-1254.

## **VI. CONCLUSION**

For the reasons set forth above, the CAISO respectfully requests that the Commission accept its proposed modifications to the CAISO Tariff and the MRTU Tariff.



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**Attachment A – Clean Sheets**  
**Generator Availability Reporting Amendment Filing**  
**Currently Effective ISO Tariff**  
**May 30, 2008**

**9.3.10.2** Any Operator, upon identification of a situation likely to result in a Forced Outage within the next twenty-four (24) hours unless immediate corrective action is taken, where such action requires the removing from service or reducing the maximum output capability of a Generating Unit by 10 MW or more from the value most recently recorded in SLIC, or removing a transmission facility from service, shall communicate directly with the ISO Control Center. All such notifications of Forced Outages shall be communicated to the ISO Control Center with as much notice as possible in order that the necessary security analysis and ISO Controlled Grid assessments may be performed. Any Operator, upon identification of a situation likely to result in a Forced Outage but of a nature not requiring a removal from service until some time more than twenty-four (24) hours in the future will be subject to the provisions of Section 9 of this ISO Tariff with respect to any necessary Outage except the requirements imposing time limits for notification will be waived and the request will be expedited by the ISO provided notice is given as soon as possible.

**9.3.10.2.1** If prior notice of a Forced Outage cannot be given, the Operator of a Generating Unit is required to notify the ISO within 60 minutes after discovering any change in the maximum output capability of at least 10 MW or 5% of the value registered in the Master File, whichever is greater, from the value registered in SLIC that lasts for 15 minutes or longer.

**9.3.10.3** The ISO Control Center shall coordinate any operational changes necessary to accommodate a Forced Outage and Market Participants shall comply with the ISO's instructions given for that purpose.

**9.3.10.4** All Forced Outages shall be communicated by the ISO Control Center to Operators likely to be affected by the Outage using the same procedures adopted for Maintenance Outage coordination procedures.

**9.3.10.5** With respect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts 15 minutes or longer of 40 MW or more below the value registered in the Master File and 10% of the value registered in the Master File, the Operator shall provide to the ISO an explanation of the Forced Outage and the estimated return time, within two (2) Business Days after the Operator initially notifies the ISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. The explanation shall include a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator. Upon request of the ISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSSs promptly shall provide information requested by the ISO to enable the ISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the ISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the ISO shall submit a report describing the basis for its determination to the FERC. The ISO shall consider the following factors when evaluating the Forced Outage

**37.4.1.1 Expected Conduct.**

A Market Participant shall notify the ISO Control Center of any Outage reportable pursuant to Section 9.3.10.2.1 of the ISO Tariff of a Generating Unit subject to Section 4.6 of the ISO Tariff within sixty (60) minutes after the Outage is discovered.

**37.4.1.2 Sanctions.**

A “violation” for purposes of this Section shall mean each failure to notify the ISO Control Center about an Outage of a Generating Unit within sixty (60) minutes after the Outage is discovered, as required by Section 37.4.1, except that (a) for each Generating Unit, the first such failure in a calendar month shall not constitute a violation, and (b) for each Generating Unit, multiple failures in the same calendar day shall constitute a single violation. The Sanctions for a violation of Section 37.4.1 shall be as follows:

- (a) for each Generating Unit that is the subject of a violation, the Sanction for the first violation in a calendar month shall be a warning letter;
- (b) for each Generating Unit that is the subject of a violation, the Sanction for the second and subsequent violations in a calendar month will be a financial penalty, as follows:
  - (i) if the Generating Unit has not been the subject of a financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$1,000;
  - (ii) if the Generating Unit has been the subject of one financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$2,000;
  - (iii) if the Generating Unit has been the subject of two or more financial penalties for previous violations within twelve (12) months of the instant violation, the Sanction will be \$5,000.

**37.4.2 Scheduling and Final Approval of Outages.**

**37.4.2.1 Expected Conduct.**

A Market Participant shall not undertake an Outage except as approved by the ISO Outage Coordination Office in accordance with Section 9.3.2, Section 9.3.9, and Section 9.3.6.6 of the ISO Tariff. A Market Participant shall not commence any Outage without obtaining final approval from the ISO Control Center in accordance with Sections 9.3.9 and 9.3.10 of the ISO Tariff.

**37.4.2.2 Sanctions.**

The Sanctions for a violation of Section 37.4.2 shall be as follows: for the first violation within a rolling twelve (12) month period, \$5,000; for subsequent violations within a rolling twelve (12) month period, \$10,000. A "violation" shall mean each Outage undertaken for which all required approvals were not obtained.

**37.4.3 Explanation of Forced Outages.**

**37.4.3.1 Expected Conduct.**

As required by Section 9.3.10.5, a Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the Operator initially notifies the ISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. An Operator must promptly provide information requested by the ISO to enable

**Attachment B – Blacklines**  
**Generator Availability Reporting Amendment Filing**  
**Currently Effective ISO Tariff**  
**May 30, 2008**

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**9.3.10.2.1** If prior notice of a Forced Outage cannot be given, the Operator of a Generating Unit is required to notify the ISO within ~~360~~ minutes after discovering any change in the maximum output capability of at least 10 MW or 5% of the value registered in the Master File, whichever is greater, from the value registered in SLIC that lasts for 15 minutes or longer.

\* \* \*

**9.3.10.5** With ~~R~~espect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts 15 minutes or longer of 40 MW or more below the value registered in the Master File and 10% of the value registered in the Master File, ~~or which result in the unit being separated from the ISO Controlled grid,~~ the Operator shall provide to the ISO an explanation of the Forced Outage, ~~including a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator,~~ and the estimated return time, within two (2) Business Days ~~from discovery of the Forced Outage~~ after the Operator initially notifies the ISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. The explanation shall include a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator. Upon request of the ISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSSs promptly shall provide information requested by the ISO to enable the ISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the ISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the ISO shall submit a report describing the basis for its determination to the FERC. The ISO shall consider the following factors when evaluating the Forced Outage to determine if the Forced Outage was the result of gaming or other questionable behavior by the Operator: 1) if the Forced Outage coincided with certain market conditions such that the Forced Outage may have influenced market prices or the cost of payments associated with out-of-sequence dispatches, out-of-market dispatches, or Real Time Market dispatches above the Marginal Proxy Clearing Price or Non-Emergency Clearing Price Limit, as applicable; 2) if the Forced Outage coincided with a change in the bids submitted for any units or resources controlled by the Operator or the Operator's Scheduling Coordinator; 3) if the ISO had recently rejected a request for an Outage for, or to shut down, the Generating Unit experiencing the Forced

Outage; 4) if the timing or content of the notice of the Forced Outage provided to the ISO was inconsistent with subsequent reports of or the actual cause of the Outage; 5) if the Forced Outage or the duration of the Forced Outage was inconsistent with the history or past performance of that Generating Unit or similar Generating Units; 6) if the Forced Outage created or exacerbated Congestion; 7) if the Forced Outage was extended with little or no notice; 8) if the Operator had other alternatives to resolve the problems leading to the Forced Outage; 9) if the Operator took reasonable action to minimize the duration of the Forced Outage; or 10) if the Operator failed to provide the ISO an explanation of the Forced Outage within two (2) Business Days or failed to provide any additional information or access to the generating facility requested by the ISO within a reasonable time.

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#### **37.4 Comply with Availability Reporting Requirements.**

##### **37.4.1 Reporting Availability.**

###### **37.4.1.1 Expected Conduct.**

A Market Participant shall notify the ISO Control Center of any Outage reportable pursuant to Section 9.3.10.2.1 of the ISO Tariff of a Generating Unit subject to Section 4.6 of the ISO Tariff within ~~thirty-sixty~~ (360) minutes after the Outage is discovered.

###### **37.4.1.2 Sanctions.**

A "violation" for purposes of this Section shall mean each failure to notify the ISO Control Center about an Outage of a Generating Unit within sixty (60) minutes after the Outage is discovered, as required by Section 37.4.1, except that (a) for each Generating Unit, the first such failure in a calendar month shall not constitute a violation, and (b) for each Generating Unit, multiple failures in the same calendar day shall constitute a single violation. The Sanctions for a violation of Section 37.4.1 shall be as follows:

- (a) for each Generating Unit that is the subject of a violation, the Sanction for the first violation in a ~~rolling twelve (12) calendar month period,~~ shall be a warning letter;
- (b) for each Generating Unit that is the subject of a violation, the Sanction for the second and subsequent violations in a ~~rolling twelve (12) calendar month period,~~

will be a financial penalty, as follows:

- (i) if the Generating Unit has not been the subject of a financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$1,000;
- (ii) if the Generating Unit has been the subject of one financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be for the third violation in a rolling twelve (12) month period, \$2,000;
- (iii) if the Generating Unit has been the subject of two or more financial penalties for previous violations within twelve (12) months of the instant violation, the Sanction will be for the fourth and subsequent violations in a rolling twelve (12) month period, \$5,000. A Market Participant shall not be subject to more than one Sanction per Generating Unit per calendar day for violating Section 37.4.1. A "violation" shall mean each failure to report an Outage for a specific Generating Unit as required by Section 9.3.10.2.1 of the ISO Tariff.

\* \* \*

### **37.4.3 Explanation of Forced Outages.**

#### **37.4.3.1 Expected Conduct.**

As required by Section 9.3.10.5, a Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the Operator initially notifies the ISO discovery of a Forced Outage as specified in pursuant to Section 9.3.10.2.15 of the change in maximum output capability ISO Tariff. An Operator must promptly provide information requested by the ISO to enable the ISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.

\* \* \*

**Attachment C – Clean Sheets**

**Generator Availability Reporting Amendment Filing**

**4<sup>th</sup> Replacement CAISO Tariff (MRTU)**

**May 30, 2008**

**9.3.10.3.1** If prior notice of a Forced Outage cannot be given, the Operator of a Generating Unit is required to notify the CAISO within sixty (60) minutes after discovering any change in the maximum output capability of at least ten (10) MW or five percent (5%) of the value registered in the Master File, whichever is greater, from the value registered in SLIC that lasts for fifteen (15) minutes or longer.

**9.3.10.4** The CAISO Control Center shall coordinate any operational changes necessary to accommodate a Forced Outage and Market Participants shall comply with the CAISO's instructions given for that purpose.

**9.3.10.5** All Forced Outages shall be communicated by the CAISO Control Center to Operators likely to be affected by the Outage using the same procedures adopted for Maintenance Outage coordination procedures.

**9.3.10.6** With respect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts fifteen (15) minutes or longer of 40 MW or more below the value registered in the Master File and ten percent (10%) of the value registered in the Master File, the Operator shall provide to the CAISO an explanation of the Forced Outage and the estimated return time, within two (2) Business Days after the Operator initially notifies the CAISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. The explanation shall include a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator. Upon request of the CAISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSS Operators promptly shall provide information requested by the CAISO to enable the CAISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the CAISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the CAISO shall submit a report describing the basis for its

**37.4.1 Reporting Availability.**

**37.4.1.1 Expected Conduct.**

A Market Participant shall notify the CAISO Control Center of any Outage reportable pursuant to Section 9.3.10.2.1 of a Generating Unit subject to Section 4.6 within sixty (60) minutes after the Outage is discovered.

**37.4.1.2 Sanctions.**

A "violation" for purposes of this Section shall mean each failure to notify the CAISO Control Center about an Outage of a Generating Unit within sixty (60) minutes after the Outage is discovered, as required by Section 37.4.1, except that (a) for each Generating Unit, the first such failure in a calendar month shall not constitute a violation, and (b) for each Generating Unit, multiple failures in the same calendar day shall constitute a single violation. The Sanctions for a violation of Section 37.4.1 shall be as follows:

- (a) for each Generating Unit that is the subject of a violation, the Sanction for the first violation in a calendar month shall be a warning letter;
- (b) for each Generating Unit that is the subject of a violation, the Sanction for the second and subsequent violations in a calendar month will be a financial penalty, as follows:
  - (i) if the Generating Unit has not been the subject of a financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$1,000;
  - (ii) if the Generating Unit has been the subject of one financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$2,000;
  - (iii) if the Generating Unit has been the subject of two or more financial penalties for previous violations within twelve (12) months of the instant violation, the Sanction will be \$5,000.

**37.4.2 Scheduling and Final Approval of Outages.**

**37.4.2.1 Expected Conduct.**

A Market Participant shall not undertake an Outage except as approved by the CAISO Outage Coordination Office in accordance with Section 9.3.2, Section 9.3.9, and Section 9.3.6.6. A Market Participant shall not commence any Outage without obtaining final approval from the CAISO Control Center in accordance with Sections 9.3.9 and 9.3.10.

**37.4.2.2 Sanctions.**

The Sanctions for a violation of Section 37.4.2 shall be as follows: for the first violation within a rolling twelve (12) month period, \$5,000; for subsequent violations within a rolling twelve (12) month period, \$10,000. A "violation" shall mean each Outage undertaken for which all required approvals were not obtained.

**37.4.3 Explanation of Forced Outages.**

**37.4.3.1 Expected Conduct.**

As required by Section 9.3.10.6, a Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the Operator initially notifies the CAISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. An Operator must promptly provide information requested by the CAISO to enable the CAISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.

**37.4.3.2 Sanctions.**

The Sanction for failing to provide a timely explanation of Forced Outage shall be \$500 per day for each day the explanation is late. The Sanction for failing to provide a timely response to information requested shall be as specified in Section 37.6.1.

**37.4.4 Enhancements and Exceptions.**

Except as otherwise specifically provided, penalty amounts shall be tripled for any violation of Section 37.4.1 through Section 37.4.3 that occurs during a CAISO System Emergency. Violations of the above rules that result in circumstances in which an Uninstructed Deviation Penalty under Section 11.23 may be assessed shall not be subject to Sanction under this Section 37.4. A Market Participant that is subject to an enhanced penalty amount under this Section 37.4.4 may appeal that penalty amount to FERC if the Market Participant believes a mitigating circumstance not covered in Section 37.9.2 exists. The duty of the Market Participant to pay the enhanced penalty amount will be tolled until FERC renders its decision on the appeal.

**37.5 Provide Factually Accurate Information.**

**37.5.1 Accurate Information Generally.**

**Attachment D – Blacklines**

**Generator Availability Reporting Amendment Filing**

**4<sup>th</sup> Replacement CAISO Tariff (MRTU)**

**May 30, 2008**

\* \* \*

**9.3.10.3.1** If prior notice of a Forced Outage cannot be given, the Operator of a Generating Unit is required to notify the CAISO within ~~thirty-sixty~~ (360) minutes after discovering any change in the maximum output capability of at least ten (10) MW or five percent (5%) of the value registered in the Master File, whichever is greater, from the value registered in SLIC that lasts for fifteen (15) minutes or longer.

\* \* \*

**9.3.10.6** With respect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts fifteen (15) minutes or longer of 40 MW or more below the value registered in the Master File and ten percent (10%) of the value registered in the Master File, the Operator shall provide to the CAISO an explanation of the Forced Outage, ~~including a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator~~, and the estimated return time, within two (2) Business Days ~~from discovery of the Forced Outage after the Operator initially notifies the CAISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability~~. The explanation shall include a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator. Upon request of the CAISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSS Operators promptly shall provide information requested by the CAISO to enable the CAISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the CAISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the CAISO shall submit a report describing the basis for its determination to the FERC. The CAISO shall consider the following factors when evaluating the Forced Outage to determine if the Forced Outage was the result of gaming or other questionable behavior by the Operator: 1) if the Forced Outage coincided with certain market conditions such that the Forced Outage may have influenced market prices or the cost of payments associated with Exceptional Dispatches; 2) if the Forced Outage coincided with a change in the Bids submitted for any units or resources controlled by the Operator or the Operator's Scheduling Coordinator; 3) if the CAISO had recently rejected a request for an Outage for, or to Shut-Down, the Generating Unit experiencing the Forced Outage; 4) if the timing or content of the notice of the

Forced Outage provided to the CAISO was inconsistent with subsequent reports of or the actual cause of the Outage; 5) if the Forced Outage or the duration of the Forced Outage was inconsistent with the history or past performance of that Generating Unit or similar Generating Units; 6) if the Forced Outage created or exacerbated Congestion; 7) if the Forced Outage was extended with little or no notice; 8) if the Operator had other alternatives to resolve the problems leading to the Forced Outage; 9) if the Operator took reasonable action to minimize the duration of the Forced Outage; or 10) if the Operator failed to provide the CAISO an explanation of the Forced Outage within two (2) Business Days or failed to provide any additional information or access to the generating facility requested by the CAISO within a reasonable time.

\* \* \*

### **37.4 Comply with Availability Reporting Requirements.**

#### **37.4.1 Reporting Availability.**

##### **37.4.1.1 Expected Conduct.**

A Market Participant shall notify the CAISO Control Center of any Outage reportable pursuant to Section 9.3.10.2.1 of a Generating Unit subject to Section 4.6 within ~~thirty-sixty~~ (360) minutes after the Outage is discovered.

##### **37.4.1.2 Sanctions.**

A "violation" for purposes of this Section shall mean each failure to notify the CAISO Control Center about an Outage of a Generating Unit within sixty (60) minutes after the Outage is discovered, as required by Section 37.4.1, except that (a) for each Generating Unit, the first such failure in a calendar month shall not constitute a violation, and (b) for each Generating Unit, multiple failures in the same calendar day shall constitute a single violation. The Sanctions for a violation of Section 37.4.1 shall be as follows:

- (a) for each Generating Unit that is the subject of a violation, the Sanction for the first violation in a ~~rolling twelve (12) calendar month period,~~ shall be a warning letter;
- (b) for each Generating Unit that is the subject of a violation, the Sanction for the second and subsequent violations in a ~~rolling twelve (12) calendar month period,~~ will be a financial penalty, as follows:

- (i) if the Generating Unit has not been the subject of a financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be \$1,000;
- (ii) if the Generating Unit has been the subject of one financial penalty for a previous violation within twelve (12) months of the instant violation, the Sanction will be for the third violation in a rolling twelve (12) month period, \$2,000;
- (iii) if the Generating Unit has been the subject of two or more financial penalties for previous violations within twelve (12) months of the instant violation, the Sanction will be for the fourth and subsequent violations in a rolling twelve (12) month period, \$5,000. A Market Participant shall not be subject to more than one Sanction per Generating Unit per calendar day for violating Section 37.4.1. A "violation" shall mean each failure to report an Outage for a specific Generating Unit as required by Section 9.3.10.2.1.

\* \* \*

### **37.4.3 Explanation of Forced Outages.**

#### **37.4.3.1 Expected Conduct.**

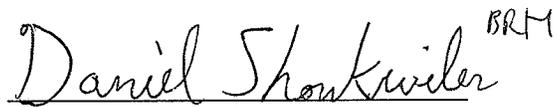
As required by Section 9.3.10.6, a Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the discovery of a Forced Outage as specified, in Section 9.3.10.5 Operator initially notifies the CAISO pursuant to Section 9.3.10.2.1 of the change in maximum output capability. An Operator must promptly provide information requested by the CAISO to enable the CAISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.

\* \* \*

**Certificate of Service**

I hereby certify that I have this day served a copy of this document upon the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with Scheduling Coordinator Agreements under the CAISO Tariff.

Dated this 30<sup>th</sup> day of May, 2008 at Folsom, California.

  
Daniel Shonkwiler  
Daniel Shonkwiler